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Key Developments

FBIS Duma Election Report 18 Oct

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[FBIS Media Note] ***This is the fifth in a weekly series of reports that FBIS will produce on the campaign for the 17 December Russian Duma elections. It is based solely on Russian media reporting.***

Recent Developments

Signatures Pouring In for Major Parties The Central Election Commission (CEC) today certified three more parties as having obtained the 200,000 signatures necessary to appear on the ballot: The Congress of Russian Communities (KRO) led by Yuriy Skokov, Vladimir Zhirinovskiy's Liberal Democratic Party (LDPR), and the Women of Russia (INTERFAX, 17 October). With less than a week before the deadline, the CEC has registered four parties, including the Communist Party of the Russian Federation (CPFR) registered earlier.

At least six other parties appear to have collected sufficient signatures to be certified before the deadline:

- Agrarian Party (APR) Chairman Mikhail Lapshin announced on 14 October that his party has collected two million signatures and would submit them on 16 October (ITAR-TASS).
- Russia Is Our Home (NDR) Executive Committee Deputy Chairman Vladimir Ryzhkov asserted that the NDR has collected 1.7 million signatures (ITAR-TASS, 12 October).
- Ivan Rybkin said that his bloc has already garnered 600,000 signatures and planned to submit 300,000 of them to the CEC on 17 October (INTERFAX, 16 October).
- Russia's Democratic Choice-United Democrats has collected 200,000 signatures, but "as few as 80,000 signatures" had come into the Yabloko bloc's headquarters, according to KOMMERSANT-DAILY (10 October).
- Derzhava and the Unions and Industrialists of Russia have also collected enough signatures to register, according to SELSKAYA ZHIZN (17 October).

Yeltsin, NDR Leaders Hold Meeting President Boris Yeltsin met with Premier Viktor Chernomyrdin and other key leaders from NDR election bloc on 11 October to discuss the bloc's campaign. State Property Committee chief Sergey Belyayev, NDR's campaign director, told ITAR-TASS (11 October) that Yeltsin set a "clear task" for the bloc: "Form a democratic majority."

While noting that as the "guarantor" of social accord the president cannot openly state a "preference" for any party, Belyayev asserted that Yeltsin "expressed his own political sympathies" during the meeting and that it was "easier to list all those whom the president does not accept." According to Belyayev this list includes the CPRF and all other communist fragments, the Agrarian Party, and Vladimir Zhirinovskiy's LDPR, which he said Yeltsin "has never supported." As for the KRO, led by Yuriy Skokov and General Aleksandr Lebed, Belyayev said "we did not touch on it during the course of our meeting."

Grachev Not a Candidate Defense Minister Pavel Grachev announced on 12 October that he "never intended to stand" and is "not planning" to stand as a Duma candidate (ITAR-TASS), directly refuting Gen. Boris Gromov, one of his chief antagonists, who claimed several days earlier that Grachev would stand for election in one of Saratov Oblast's single-seat districts (see "FBIS Duma Election Report 10 Oct").

IZVESTIYA Details Campaign Costs Noting that the cost of an election campaign is "a very well-kept secret," IZVESTIYA published an article on 14 October outlining the price range of several key components of an average campaign:

- Signature collection by "professional services" costs from $500-$5,000 per month, and the fee "doubles" if a candidate wins. Taking into account the support staff working under a professional "consultant," the campaign to win a single-seat race "could cost the candidate $25,000-$150,000" and "cases are known where candidates have paid out up to $300,000."
- The price for the services of a "consultant psychologist" are typically $40-$60 per hour and some charge up to $200 per hour; "lecturers" who "instruct" parties and candidates on "all the subtleties of election campaigning" earn $20-$40 per hour.
- Polling is calculated on the basis of $6-$12 per questionnaire and sample sizes generally range between 800-1,500 respondents. An average poll "without analysis" costs approximately $6,000, "with analysis" $9,000, and "in certain cases" the price can reach $30,000.
- An average 30-second film "plug" costs $8,500; a "film" of the same duration but with computer graphics costs $5,000. An "information film" or "feature item" lasting 3-10 minutes costs $1,500-$2,500 if shot in Moscow, $2,000-$3,500 if shot in other Russian cities.
- One minute of airtime on Public Russian Television (ORT) or "Channel 1" starts at $1,500 and

tops out at $30,000 per minute during "prime time" on Friday evenings (see item below in "The Media Beat" section). Direct advertising on radio costs $150-$350.

- Direct advertising in newspapers reportedly is "not often used" because it is "ineffective" and relatively expensive. Publication of campaign items through "semi-official channels" is approximately one-third the cost of standard advertising rates. However, there is "no point" for parties to resort to "direct political advertising" because it is "simpler and cheaper" to pay a journalist a "so-called fee" to "get the desired result," but this approach is "much more difficult" in "popular newspapers with a good circulation and [good] reputations."
- Publicity posters, fliers, and leaflets generally cost between 60 cents and $3 apiece.

According to IZVESTIYA's unidentified "interlocutors," the "closer to power a prospective deputy is, the less he pays. The most generous fees are guaranteed by candidates from commercial structures or those candidates whose election campaign is singled out for support by specific commercial structures." Taking the costs listed above into account, "experts" were adamant that the legal campaign spending ceiling for parties—approximately $2.4 million—is "in no way sufficient."

In the Provinces

Nozhikov Shuns Rossel's Party Irkutsk Governor Yuriy Nozhikov announced on 10 October that he will not join Sverdlovsk Governor Eduard Rossel's Transformation of the Fatherland party. Nozhikov was reported to be among the top three on its as yet unpublished candidate list, but following an official visit to South Korea with Prime Minister Chernomyrdin to discuss a future project to deliver gas from Irkutsk, Nozhikov announced that he "is not, was not, and will not be" a member "of any bloc." He added, however, that he will support candidates from Rossel's party and from the Party of Russian Unity and Accord (SOVETSKAYA MOLODEZH, 12 October).

NDR Experiencing Problems in Stavropol According to SEVERNYY KAVKAZ, the NDR faces an uphill election battle in Stavropol Kray. The weekly reported on 7 September that Stavropol voters have an "active dislike" for the bloc, which they blame for the war in Chechnya, the economic "breakdown" in the country, and the "bloody" events in the kray town of Budennovsk. As a result, the NDR "invariably" finishes "if not last, then next to last" in opinion polls in the kray, according to the paper. Moreover, the party has suffered several recent defections locally. Its candidate in Stavropol Kray's Petrovskiy single-seat district (Electoral District No. 54), Vladimir Moroz, announced that he is running as an APR candidate, and the NDR candidate in Stavropol Kray's Georgiyevskiy single-seat district (Electoral District No. 52) "simply withdrew his candidacy." In addition, the council of atamans of the Stavropol Cossack Army demanded that Petr Fedosov resign from his post as head of the kray's office of Cossack affairs after he appeared as the number three candidate on the NDR's Stavropol regional list. Earlier, the deputy head of the kray branch of the bloc resigned, claiming that NDR leaders in Moscow were dictating decisions to regional branches and attempting to coerce him into dropping his own independent campaign (INTERFAX, 5 October).

SEVERNYY KAVKAZ also reported that all parties, with the exception of the CPRF, have experienced difficulties collecting signatures in the kray. Local residents are apparently unwilling to stand in line to offer their signatures as "they had two years before," and are actually "struggling in every way possible to avoid this procedure." Even going door-to-door does not appear to be working for signature collectors, one of whom was reportedly beaten by an "emotional voter." The difficulty in collecting signatures has, according to the weekly, whittled down the number of announced candidates in Stavropol Kray's Stavropolskiy single-seat district (Electoral District No. 55) from 19 to nine.

Parties Garnering Support in Kemerovo Mines Several parties appear to be gaining political capital out of mining strikes in the Kuzbass region of Kemerovo. NEZAVISIMAYA GAZETA reported on 12 October that the Independent Miners' Trade Union is canvassing striking miners in the region and holding election meetings in support of Svyatoslav Fedorov's Party of Workers' Self-Government. The union's chairman, Sayetgali Sharipov, is the party's candidate in Kemerovo Oblast's Prokopyevskiy single-seat district (Electoral District No. 91). SEGODNYA reported on 11 October that "propagandists" from the CPRF and the KRO have also been "extremely active among the region's miners."

A poll conducted by the Institute of Comparative Studies of Labor Relations and reported by NEZAVISIMAYA GAZETA seems to demonstrate that such efforts have borne fruit. While Women of Russia led the poll with 11.7 percent, the CPRF came in second with 6.2, and the Party of Workers' Self-Government came in third (no figure given). The same study showed Aman Tuleyev, chairman of the oblast's legislature and number three on the CPRF candidate list, as the most popular political figure with 36.5 percent, followed by Svyatoslav Fedorov with 9.7 percent, and the KRO's Aleksandr Lebed with 4.9 percent. One bloc that is unlikely to benefit from the strike is NDR—the deputy director of the Sibruda company, which owns the Kemerovo mines, heads the NDR's Kemerovo Oblast regional list (ROSSIYSKAYA GAZETA, 26 September).

Yavlinskiy Seeks To Boost Support in Krasnodar Yabloko leader Grigoriy Yavlinskiy was on the campaign hustings in Krasnodar Kray in early October in hopes of improving his party's standing in the populous region in southern Russia. Citing "preliminary" data from a recent local poll, NEZAVISIMAYA GAZETA (10 October) reported that Yabloko is tied for fourth among Krasnodar's voters with NDR behind the front-running CPRF, the Agrarian Party, and the LDPR (no specific figures were given).

According to NEZAVISIMAYA GAZETA those most likely to vote for Yabloko in the kray are the "most efficient people" between the ages of 30 and 50, who "as a rule" are "state apparatus staffers, heads of privately-owned structures, and specialists in the humanities" with advanced degrees earning between 200,000 and 500,000 rubles [R]. Yavlinskiy reportedly said that Yabloko's electoral platform is "geared precisely to this audience."

Payment for Signatures Varies by Region Observing that "no one has succeeded yet in gathering signatures absolutely for free," KOMMERSANT-DAILY (10 October) reported that the amount paid to those willing to sign varies depending on the region and party or bloc involved. The paper cites, for example, that in Tula Oblast, the LDPR pays $1—about R4500 at the current exchange rate—per signature, the CPRF—R4,000, KRO—R1,500-R2,000, and Yabloko—R3,000.

According to KOMMERSANT-DAILY, the LDPR is "thought to be the most generous of all" because of "objective necessity;" namely, that Zhirinovskiy's party has "weak organization structures" in the regions. The paper claimed that the bloc headed by Ella Pamfilova, Aleksandr Gurov, and Vladimir Lysenko "seems to be managing on the lowest budget" because "activists" from Lysenko's Republican Party, which reportedly has an "extensive network of organizational structures but modest financial resources," are bearing the brunt of the signature collection campaign. Citing the "general opinion of the hard work of signature gathering," KOMMERSANT-DAILY observed that "it is much harder" to collect signatures "today than it was in 1993: the general weariness and apathy of the population are having an affect."

Signature Collectors in Kaluga Run Afoul of LDPR ITAR-TASS (15 October) reported that two signature collectors in Kaluga Oblast have "petitioned" the local police department for "protection" from the local branch of the LDPR. Reportedly "lured" by the "promised" fee of R1,000 per signature, the two purported signature collectors submitted lists to LDPR representatives with names "spun out of thin air" and after being "exposed," they refused to return the money paid to them. According to ITAR-TASS, LDPR "militants" took the "fraudsters" to a nearby forest and "forced" them to "give back the money under the penalty of physical violence." After securing the R500,000 paid to the two signature collectors, the LDPR "militants" then allegedly sought to collect $5,000 from them for "material damage."

The Media Beat

ORT Sets Price for Campaign Spots ORT General Director Sergey Blagovolin has reportedly approved a price list for paid campaign advertising on Russia's most widely-viewed television network between 15 November and 15 December. According to ITAR-TASS (11 October) and KOMMERSANT-DAILY (12 October), prospective parties and candidates will have to pay between $1,500 and $30,000 for one minute of air time "depending on the time of the day and week." The "cheapest" per-minute rate—$1,500—will be Monday through Friday from 01:00-05:00 Moscow time. "Prime time" minutes—19:00-22:00 Moscow time—are priced at $20,500 Monday through Thursday, $24,500 on Saturday and Sunday, and Friday "prime time" will cost a "record" $30,000 per minute. According to ITAR-TASS, an unidentified ORT spokesman claimed that rates for campaign advertisements are "lower than those for commercials."

Plug Pulled on Borovoy's Radio Station "Boomerang" On 10 October, only two weeks after Economic Freedom Party leader Konstantin Borovoy took over the Moscow-based shortwave radio station "Boomerang" (see "FBIS Duma Election Report 4 Oct"), the Ministry of Communications took the station off the air. Igor Ivanov, the head of the ministry's licensing directorate, told EKHO MOSKVY (11 October) that "we did not issue" Borovoy a broadcasting license and that unidentified communication workers "broke the law" by providing his party with "services" allowing it to "broadcast some kind of program." Borovoy claimed that he told the communication workers it was "possible" for him to pay the radio station's debts, but they "refused to take the money and closed down the radio station." Valeriya Novodvorskaya, the party's "chief ideologist," told EKHO MOSKVY that the radio station was closed down on "ideological grounds" even though her "first talk" on the air was "accepted." She claimed that her "second talk" was scheduled to include an "analysis" of the "latest events" in Chechnya.

Elections Credo for NTV Journalists Igor Malashenko, president of the independent television company NTV, told IZVESTIYA (10 October) "we do not intend to make air time available to anyone to set out election programs or proclaim political manifestos" and that NTV will cover the elections "only within the framework of news programs, observing a certain balance here and giving preference to no one." Malashenko also provided IZVESTIYA with a copy of the following "instruction" to NTV journalists entitled "Careful: Elections":

"During the election campaign the journalist must remember not so much what he has the right to do as what he MUST NOT do on the air.

"To wit:

"— take the side of a particular party, bloc, or candidate;

"— make generalizations or conclusions that go far beyond the framework of the episode of the election struggle he is covering or replace information about it with an account of his own understanding of what is happening;

"— treat uncritically the opinions of experts, many of whom are servicing the election campaigns of specific candidates or parties;

"— use deliberately positively or negatively 'charged' definitions, ideological labels, and offensive epithets ('the odious figure of the slow-witted extremist so and so')."

Published Lists of Candidates

Official candidate lists for the following parties and blocs were published in ROSSIYSKAYA GAZETA (unless noted otherwise) from 10-17 October (see previous issues of "FBIS Duma Election Report" for lists published earlier in ROSSIYSKAYA GAZETA or elsewhere). Each entry below lists the party's 12 core federal list candidates in order and gives the date when the list was published. If the party's list of candidates in the single-seat districts was published, the entry notes that date as well.

Prominent Parties

Congress of Russian Communities [Kongress russkikh obshchin] Yuriy Skokov, Aleksandr Lebed, Sergey Glazyev, Lyudmila Vartazarova, Dmitriy Rogozin, Yuriy Kalmykov, Vasiliy Romanov, Mikhail Kolchev, Oleg Denisov, Tatyana Malyutina, Sergey Goncharov, Sergey Burkov (Federal and single-seat lists published 17 October).

Ivan Rybkin's Bloc [Blok Ivana Rybkina] Ivan Rybkin, Yuriy Petrov, Artur Chilingarov, Vyacheslav Nikonov, Aleksandra Ochirova, Aleksandr Sergeyev, Vyacheslav Lashchevskiy, Valeriy Kirpichnikov, Sergey Rodionov, Sergey Trakhirov, Igor Shichanin, Pavel Borodin (Federal and single-seat lists published 12 October).

Other Parties

Stanislav Govorukhin's Bloc [Blok Stanislava Govorukhina] Stanislav Govorukhin, Oleg Rumyantsev, Viktor Aksyuchits, Andrey Golovin, Valentin Kotlyar, Yuriy Leonov, Igor Muravyev, Sergey Polozkov, Valeriy Krasnov, German Karelin, Vitaliy Nasedkin, Valeriy Kondratyev (Federal and single-seat lists published 10 October).

League of Independent Academics of Russia [Liga nezavisimykh uchenykh Rossii] Vyacheslav Potemkin, Irina Prostakova, Yevgeniy Galichanin, Aleksandr Loidis, Sergey Bagayev, Valeriy Revo, Aleksey Ilyichev, Svetlana Vorobyeva, Arkadiy Shcherbakov, Vitaliy Vasilkov, Viktor Kucherov, Yevgeniy Vlasov (Federal and single-seat lists published 11 October).

Union of Workers of Housing and Municipal Services of Russia [Soyuz rabotnikov zhilishchno-kommunalnovo khozyaystva Rossii] Leonid Chernyshov, Petr Surov, Valeriy Avdeyev, Magomed Bagandaliyev, Viktor Tyumentsev, Vyacheslav Kovalevskiy, Aleksandr Luppov, Yuriy Nefedov, Valeriy Zagaynov, Tatyana Utanova, Boris Furmanov, Vladimir Shemyakin (Federal and single-seat lists published 11 October).

Communists—Working Russia—For the Soviet Union [Kommunisty—Trudovaya Rossiya—Za Sovetskiy Soyuz] Viktor Tyulkin, Anatoliy Kryuchkov, Viktor Anpilov, Aleksey Prigarin, Vladimir Zapolskikh, Sergey Novikov, Aleksey Sergeyev, Boris Kurashvili, Frol Ananin, Yelena Zaytseva, Viktor Gamov, Oleg Shein (Federal and single-seat lists published 14 October).

List of Single-Seat Electoral Districts

The list of the 225 single-seat districts for the 17 December elections was published in ROSSIYSKAYA GAZETA (22 August) and ROSSIYSKIYE VESTI (24 August). It lists each district's name and number; the total number of voters; the district's center; and other cities, towns, and rayons in the district.

Election Schedule—Key Dates

22 October: Deadline for submitting 200,000 signatures in support of party lists, with no more than 7 percent coming from a single republic or region. Single-seat candidates must collect signatures equaling at least 1 percent of a district's voters (Federal electoral law published in the 28 June ROSSIYSKAYA GAZETA).

Although 22 October is also the deadline for registering party lists and single-seat nominations, parties and candidates cannot begin collecting signatures until after they are registered. Registration of party and single-seat lists began after the list of electoral districts was published in ROSSIYSKAYA GAZETA on 22 August.

5 November: Parties and candidates can begin running campaign advertisements in state-owned federal and regional newspapers (ITAR-TASS, 20 September).

15 November-15 December: Equal and free access for airtime on state-owned federal and regional television and radio channels granted for all candidates; 30-minute blocs of free airtime from 7:00-10:00 and 18:00-23:30 to be drawn by lots.

On a Lighter Note...

You Mean We Need Their Permission? The People's National Party (NNP) nominated as its candidate for Kabardino-Balkaria's Kabardino-Balkarskiy single-seat district (Electoral District No. 13) symphony conductor Igor Rasteryayev, whom they described as "a leader of the party's regional office." The nomination, however, came as a complete surprise to Rasteryayev, who said that he "had never been a member much less a leader" of the party and that he is not interested in politics and does not have time to run for office (GAZETA YUGA, 13 October). Rasteryayev asked the CEC to remove him from the party's list. Similarly, a colonel nominated by NDR in Smolensk Oblast's Smolenskiy single-seat district (Electoral District No. 169) wrote a letter to a local paper saying that he had "never agreed" to be a candidate and that he did not wish to temporarily suspend his military activities to run in the elections (RABOCHIY PUT, 13 September).

Daily Alleges Corruption Among NDR Ranks

964F0069A Moscow SOVETSKAYA ROSSIYA in Russian 7 Oct 95 p 2

[Article by S. Filimonov, candidate of technical sciences: "A Continuation of the Conversation. It Smells of Thievery In Our Home"]

[FBIS Translated Text] The slightly changed words to the popular song, alas, could not be more appropriate to today's situation in our country. And this especially applies to privatization. More than two months have passed since the day of the publication of the article "Stealing by Bid" (SOVETSKAYA ROSSIYA, 13 July), in which were cited specific facts of abuse (which have already inflicted enormous damage to our economy) during privatization by means of investment auctions. Even specific managers of the Russian Federal Property Fund (RFFI) were indicated, who were mixed up in this to one degree or another.

Naturally, questions arise: "What has changed in that time? What measures have been taken?" Perhaps the chairman of the RFFI has been relieved of his post for the deliberate disintegration of the work on control over the meeting by the purchasers of packets of shares of their investment commitments? Perhaps, appeals have been made to the arbitration court for the annulment of contracts with the purchasers named in the article? Or perhaps the leadership of the RFFI has wrathfully appealed to the ordinary courts with a suit to defend its "honor and dignity"? Nothing of the kind! Silence. Wherein lies the reason for this inadequate reaction, as if there had never been any abuses?

The elections.

This, in our view, is one of the basic reasons! It is necessary for the Russia Is Our Home [NDR] government bloc in the time remaining before the elections at all costs to "save face"!

But before we develop this idea further, we will make a small note. RFFI chairman V.V. Sokolov, as is known, came from Yekaterinburg. All of his deputies (except I.B. Lipkin) as well. Several other persons were "extracted" from Yekaterinburg, including the chief of the legal department. In this way, a team was formed of people who knew one another well and who occupied key posts in the RFFI. Another such well-knit team, evidently, is the leadership of the State Property Committee, which rejects any "foreign body," including even former chairman of the State Property Committee Polevanov.

And now we will list several basic facts, our respected reader.

1. The leader of the NDR bloc, V.S. Chernomyrdin, has declared more than once that there are more than enough people who wish to give money to this bloc's election campaign.

2. As is known, S.G. Belyayev—chairman of the State Property Committee of the Russian Federation—has been appointed the second "resident" of NDR.

3. It is precisely for the autumn that the sale at auction and investment tenders of the bulk of the packets of shares of lucrative enterprises is planned. Let us note right away that the question of why it is necessary to rid oneself of shares bringing in high income (thinking of the budget for 1996 and subsequent years, a real manager would not act in such a way), and why it is necessary to sell them practically simultaneously (when

their price will inevitably fall), again go beyond the scope of this article.

4. Investment programs are approved by S.G. Belyayev's department. What kind of "gifts" can at this time be made to future investors can be seen quite well from an example cited in the article "Stealing by Bid," where a 50-percent packet of shares in the joint-stock company Optyuvelir was sold at face value (usually hundreds of times lower than the market price) for 610 million rubles [R], while the volume of the investments (which can be regarded as compensation for shares purchased dirt cheap) made up only R950 million. Let us recall that a competition winner (needless to say, with only one participant) was the closed-type joint-stock company Alpha-Eko (Aven is a former minister of the Government of the Russian Federation).

5. The RFFI's control department, which is called upon to control the purchasers' fulfillment of their investment commitments, has been eliminated (experienced workers have been transferred, with a demotion in position to other subdivisions). In what way control will now be exercised in the RFFI was frankly demonstrated by the recently appointed adviser-consultant to the chairman of the RFFI, V.V. Mukhachev. In a conversation with the observer of the newspaper RABOCHAYA TRIBUNA, he acknowledged only the episode with Procter and Gamble; as for the other incidents cited in the article "Stealing by Bid," he asserted, notwithstanding the documents in possession of the RFFI, that there had been no violations.

Taking into account all that has been said, all the rest, as they say, is a technical matter—give money to the election campaign, purchase a packet of shares for next to nothing and without subsequent control. Both this side and the other come out the winners. But who comes out the loser? Why, all the rest of the Russia—pensioners, workers at budget-financed organizations who do not receive their salaries for months at a time, the unemployed.

In conclusion, I would like to remind our readers that theft differs from robbery, as is written in the Criminal Code, by the fact that it is conducted in secret from its victim. Privatization abuses, in particular, those connected with investment auctions, have in recent times taken on a frankly open character. So the retraining of the "housebreakers" (that is what the NDR electoral bloc is sometimes jokingly called) to some other "specialty" is not so very unlikely.

From the Editorial Office

In July of this year, the RFFI was inspected by the General Procuracy of the Russian Federation; the contents of the article "Stealing by Bid" were known to it. But it was not interested by such "trifles." At one meeting with journalists, Prime Minister Chernomyrdin stated that there would be no review of the results of privatization. And that can signify only that neither will there be a review of the privatization deals committed in violation of existing legislation.

Electoral Commission Expresses 'Doubts' About LDPR Lists

LD1710182595 Moscow INTERFAX in English 1602 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — The Central Electoral Commission may not register parliamentary candidates of the Liberal Democratic Party of Russia (LDPR) at its Tuesday meeting, commission secretary Aleksandr Veshnyakov told INTERFAX Tuesday. "There have emerged doubts about the authenticity of information submitted by the LDPR on its candidates for the State Duma," he added. The meeting was to consider the registration of three elections associations: Congress of Russian Communities, Russia's Women and LDPR.

Veshnyakov underlined that it was his personal opinion. However, he added that examination of the LDPR federal election list "aroused questions about the authenticity of some would-be candidates' indicated positions."

The commission started to preliminarily examine a package of documents submitted by the public movement Our Home Is Russia (NDR) Tuesday. This examination which lasts for many hours precedes the acceptance of an election association's lists of signatures in support of its candidates, he added. "Since the NDR federal list features 261 candidates, it is necessary to look for a written document from each of them on their willingness to run for the State Duma, information about them required by the law and corresponding signatures, including those of competent persons," he said.

If the preliminary examination is successfully accomplished Tuesday, the commission may possibly accept the NDR lists of signatures on the same day, Veshnyakov said.

Veshnyakov remarked that election associations planning to submit their documents to the commission Sunday [22 October] afternoon "have very few chances to be admitted to the election campaign."

Veshnyakov recalled that the commission will stop accepting lists of signatures from election associations at midnight of October 22.

Fedorov Proposes Coalition Government After Elections

LD1710162095 Moscow INTERFAX in English 1415 GMT 17 Oct 95

[FBIS Transcribed Text] YAROSLAVL, Oct 17 (INTERFAX) — Forming a workable coalition government of six to seven large parties would be the best thing a new parliament could do for the country, leader of the Forward Russia movement and former finance minister Boris Fedorov told a voters' meeting in Yaroslavl on Tuesday.

He believes this can include members of the Forward Russia, Yabloko and Our Home is Russia movements, Congress of Russian Communities and the Party of Russian Unity.

Asked who was likely to head such a government, Fedorov said "who could be a better prime minister than me?" If not, he said he would settle for the post of head of the Bank of Russia.

Fedorov said his first step as prime minister would be "an elementary fight against corruption, particularly within the finance ministry." As the next step, he said he would immediately overhaul the currency corridor which is causing substantial damage to many export producers, and reject the idea of large foreign borrowings.

In his view, General Boris Gromov of My Fatherland group and Grigoriy Yavlinskiy of the Yabloko movement could be appointed in charge of the defense and finance ministries with the latter also acting as deputy prime minister. Fedorov named Governor of Sverdlovsk region Eduard Rossel and Parliament Speaker Ivan Rybkin among other possible cabinet members.

FITU Leader: Over 'One Million Signatures' Collected

LD1610194995 Moscow INTERFAX in English 1851 GMT 16 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 16 (INTERFAX) — About five million people are jobless in Russia. Latent unemployment, including those forced to go on vacation or work shorter hours may increase the figure to 12 million, said chairman of the Federation of Independent Trade Unions [FITU] Mikhail Shmakov.

He recalled that the Russian trade union movement, which will turn 90 this year, has always sought to protect the interests of hired workers and that FITU, with a membership of more than 50 million, follows that tradition.

Shmakov said it is necessary to influence social and economic policies at legislative level and for that reason FITU has decided to take an active part in the forthcoming parliamentary elections. It has formed an alliance with the Russian industrial party, called Trade Unions and Industrialists of Russia — Labor Union.

The FITU leader said more than one million signatures have already been collected in support of the alliance. Two hundred and fifty thousand of them have been thoroughly checked. "The lists will be submitted to the Central Election Commission on Tuesday," Shmakov said.

Regional Activities

Chernomyrdin Seeks Support for 'Our Home' in Bashkiria

MK1710065595 Moscow SEGODNYA in Russian 11 Oct 95 p 2

[Report by Yelena Tregubova: "Viktor Chernomyrdin Has Arrived in Ufa for Bashkirian Holiday. Bashkirian President Persists in His Refusal To Reform System of Kolkhozes and Sovkhozes"]

[FBIS Translated Text] The fifth anniversary of proclaiming "sovereignty within the framework of Russia" is being celebrated in Bashkiria.

Russian Prime Minister Viktor Chernomyrdin arrived in Ufa yesterday specially to participate in the Republic Day festivities. Right on the steps of the airplane, he told the local leaders greeting him that "the Bashkirian example can be cited when speaking of how the Federation components ought to strengthen their sovereignty and along what lines federalism must develop." The premier mentioned "the highly positive role" of the bilateral agreement between the federal and republican bodies of power, "which accorded Bashkiria greater independence and at the same time consolidated the Federation."

Meanwhile, Bashkirian President Murtaza Rakhimov, in his address aired on local radio, conveyed his congratulations to "all working people of the republic," describing the anniversary of proclaiming sovereignty as "a blessed holiday." Mr. President pointed out that he considers "an independent economic policy" to be one of the main gains of "sovereignty." As Murtaza Rakhimov elaborated in an interview with your SEGODNYA correspondent, he perceives economic independence, above all, as an opportunity to preserve the kolkhoz and sovkhoz system in the villages, discarding a considerable part of the market reforms. Even his joining the "Russia Is Our Home" electoral bloc, whose leader Viktor Chernomyrdin recently proposed a referendum on private landownership, did not prompt the Bashkirian president to revise his negative stand on land reform. "In our republic, this trick won't work," warned Murtaza Rakhimov.

However, with the elections approaching, "Our Home's" leader is obviously pinning too many hopes on provincial leaders to be fastidious about their economic biases. In response to Moscow's pointed attention, Mr. Rakhimov has pledged "to work in the republic for the victory of Chernomyrdin's bloc." Despite all expectations, in yesterday's "address to the working people," as some Ufa residents noticed, he did not once mention "Our Home." On the contrary, President Rakhimov reproached the Russian Government for being "romantic," insistently claiming that only an economic policy independent of Moscow makes it possible "not to mess up the economy." Similar declarations, however, were somewhat watered down with assurances of the indissoluble unity of Bashkiria and Russia, according to the local audience.

Viktor Chernomyrdin was welcomed with all the grandeur of the "old traditions." According to Ufa residents, the main streets of the Bashkirian capital were blocked off by the police for half a day yesterday, and the city "was buried in national flags." Yesterday night was devoted to "informal contacts" between the Bashkirian leaders and their Moscow guest. Today [11 October] the premier will be offered traditional jubilee events: horse races at the "Akbuzat" hippodrome, fairs in the city squares, and festive cross-country races.

Forecasts & Commentary

Zyuganov Argues for Review of Left's Tactics

MM1610131195 Moscow SOVETSKAYA ROSSIYA in Russian 14 Oct 95 p 3

[Article by Gennadiy Zyuganov: "Stalingrad Autumn"]

[FBIS Translated Text] The autumn session of the State Duma, which opened 4 October, will be dominated, one way or another, by the rapidly approaching parliamentary elections. The Duma hall of sessions will inevitably be used as an arena for the election contest, but you would have to be either very naive or else an inveterate political hypocrite to be upset or indignant about this.

In a state which has — I will not say a democratic form, but even a representative form of government — any political force must gain its share of influence on state affairs exclusively by means of free elections. Consequently the elections are not some kind of "diversion," but a central component of the functioning of the state mechanism. Their preparation and holding and the implementation of their results give political life its chief content. Any step in the political arena constitutes a direct or indirect influence on voters, an appeal for their support. That is elementary democracy.

So why all these calls not to turn the Duma platform into a platform for propaganda and agitation, why the renewed talk of postponing or canceling the elections? The whole point is that elections are by their very nature a peaceful, nonviolent way of retaining power or conceding it to one's political opponents. But the events of recent years, particularly the "Black October" of 1993, demonstrate unequivocally that the present ruling regime and the president who heads it **are not capable** of retaining power by nonviolent means, but still less do they intend to concede it to anyone, in any circumstances. After all, the next stage in the destruction of the Russian State is in full swing — selling off and placing under foreign control enterprises that play a key role in the functioning of leading sectors of industry, such as "Rybinskiye Motory," for instance. A study of Chubays' list of 29 major state enterprises offered for sale leaves not the slightest doubt: The fate of strategically important sectors is being placed in foreign hands. For some reason, figures like Chubays or Kozyrev remain "unsinkable" amid all the reshuffles in court circles. Here interests and forces are involved for which the principles of democracy and the rule-of-law state are mere words.

Hence the attempt to discredit the very idea of elections, the very principle of free expression of the people's will. Hence the feverish search for the slightest pretext or excuse to cancel the elections — from the deterioration of the Chechen crisis to integration with Belarus.

So the main problem for us today is not going to be the question **how** the voter will vote on 17 December, but the question **whether he will be able** to vote at all, and whether the results of the voting will not be trampled underfoot by jackboots and crushed by tank tracks.

How people will vote is becoming increasingly clear. It would be wrong to indulge in victory euphoria, but it is a fact that the public mood is patently moving leftward. The elections to the Volgograd City Duma have already been dubbed the "Battle of Stalingrad," and not for nothing. The Communists' victory in 22 electoral districts is certainly equivalent, in terms of its moral and psychological significance, to the routing of 22 divisions of [German commander] Paulus' army. And as you know, the Battle of Stalingrad was followed by the Battle of Kursk....

But **what** must be done to ensure that a possible victory for left-wing and patriotic forces is not stolen away, that the transitional period of the handover of the levers of state management passes off peacefully? To be honest, any hopes that the regime is prepared even to comply with the Constitution that was written by the regime to suit itself, are minimal. These gentlemen have grown used to a different language, not the language of law. Therefore it is very important right now to determine whether a force (or forces) exists that is strong enough to paralyze the dictatorial regime's desire to derail the elections or ignore their results. And if such a force exists, how and at what point can it be utilized most effectively, without allowing it to get out of the people's control and establish a new dictatorship? These questions, which go far beyond the bounds of election procedure as such, are nonetheless, in our situation, vital pre-election problems that require careful study and discussion by all interested parties. I believe that the discussion of this group of problems must certainly continue. But for the moment let us return to our first thesis: The sittings of the last Duma session will be decked in the colors of the election contest.

The only question is what methods will prevail in this contest — short-term populist demagoguery, or the accurate examination of the main political issues and the detailed presentation to society of one's own political line for the immediate and longer term.

It is not hard to predict that the temptation to follow the first path will prove very strong. There is, after all, fertile soil for this: the mass nonpayment of wages and pensions (which are anyway miserly), the dire situation in the entire budget-funded sphere, the unpreparedness of entire regions for the winter, etc. All these are urgent problems which must be tackled immediately. But tackled how? That is where the trap lies.

An orgy of socioeconomic populism, an auction of meaningless promises, a torrent of impracticable pledges to anyone and everyone, irresponsible draft laws and resolutions costing trillions, even quadrillions, of rubles — **that is exactly what is expected** from the Duma in general, and from all its factions, by the "democratic" and pro-government mass media, which are preparing to enjoy themselves deriding the upcoming comedy, the purpose of which is to discredit parliamentarianism once and for all in the population's eyes, as a futile talking shop. The country is being psychologically prepared for the advent of a "firm hand."

It is a matter of political dignity for the Communists not to allow themselves to be drawn into these games. We say beforehand to the gentlemen from the print and electronic media: Yes, you're absolutely right — it will be a comedy, a vulgar farce. But **why** a farce? Because all its participants know very well that within the framework of the existing regime and the course it is pursuing, it is **impossible** to do anything to alleviate the people's situation or rectify the economic situation. No trillions of rubles, even if by some miracle they could be found, will rectify the situation as long as conditions are being imposed in the country that make productive labor disadvantageous in those key sectors of the national economy that ensure independent and stable economic development in future. As long as society's cultural and intellectual resources are being destroyed by attrition, as long as the country's fundamental national-state interests in the international arena are being betrayed.

Therefore the CPRF [Communist Party of the Russian Federation] and its Duma faction are still convinced that the key to overcoming the crisis and avoiding disaster lies in the nature of the authorities and the need for a replacement. And the composition of the government is not the crucial question, in a situation where one person exercises uncontrolled and absolute power. The renunciation of office by the present president — that is the point of intersection at which all problems converge at this juncture. Our faction has not forgotten its own summer initiative on this point, and has resumed the collection of deputies' signatures in favor of the creation of a commission to bring charges against the president.

People might object that we should not inflame the situation, since it is only a couple of months to the Duma elections, and then the presidential elections will not be far off. Our answer is that even a couple of months could play a decisive role here, since the scientific, technical, cultural, and moral **potential for the future, the potential for development** accumulated by the country in previous decades is being swept away, lost on the wind, with disastrous rapidity. Until such time as it is finally lost we can look forward with hope, but its loss will mean that Russia is struck off the list of countries capable of autonomously tackling the exceptionally complex problems that the 21st century has in store for mankind. The key task of preserving and augmenting that potential and creating the conditions to ensure its freest possible exploitation is the basis of the CPRF's election platform.

As for the government, at this Duma session it must without fail report on the results of the first three quarters of the year, first and foremost on the problems of defaults, the debt in the budget sphere, delays to wages and pensions, and the status of food supplies and preparations for winter. The government is hardly likely to be sincere on these points, but all the same a report — and particularly the discussion of it — will help to reveal the true picture and the true cost of so-called "stabilization." Then it will become clearer what this year's budget is worth and what should be expected from the 1996 budget.

Today's government financial policy is built on two disingenuous ruses. First, **specious** methods of "combating" inflation, whereby commodity producers and workers in the social sphere are simply not paid for work already done, so that overt inflation is turned into hidden inflation, which is significantly more dangerous, with the risk of an uncontrolled explosion at any moment. Second, the blatant exaggeration of "successes" in this struggle and the formulation of unjustifiably optimistic predictions which then become the basis of the new draft budget. It is not hard to grasp that attempts to stay within the framework of bogus predictions at all costs will once again generate specious methods of reducing inflation, and so the vicious circle is repeated. But what we do not know is whether the country's high technologies and defense, science and culture, education and health care, and social protection will survive this next round. The hearings held in the Duma the other day into the draft 1996 budget took a very uncomplimentary view of it. One of the findings is characteristic: No budgetary (read: monetarist) contrivances will help as long as the present economic policy continues, because the budget is only an instrument of policy, not vice versa.

Those who talk about the desirability of having the budget approved this year by the existing Duma are clearly trying to preserve a course that has proved bankrupt and to impose it on the country even in a period in which the correlation of forces in the political arena will tolerate substantial changes, that is to say, they are trying to turn policy into an instrument of and hostage to the budget.

This attempt is hardly likely to culminate in success. But even if it does, nothing can stop the sensible majority in the new Duma, when approving the premier's candidacy, from setting as a condition a substantial change in financial policy and a review of the principles of budget planning.

The changes should emphasize two interconnected points: incentives for the Russian commodity producer and commodity turnover; and social support for the poorly off — which means basically expanding the market for those same Russian commodity producers. In the first case, apart from the establishment of elementary payments discipline, this presupposes a reduction in the ruinous taxation, the adoption of protectionist measures in foreign trade, and the fixing of energy prices and transport tariffs; in the second, legislation to set the parameters of the minimum consumer "basket," the linkage of wages, grants, and all forms of social payments to those parameters, and state guaranteed prices for essentials: bread, milk, baby food, apartment rents, and mail and transport tariffs.

But all this is for the future and will only happen in the event that, not only in the two chambers of the Federal Assembly, but also in the regions' representative bodies, left-wing and patriotic forces have a solid majority capable of markedly influencing the executive power's line, if the executive powers themselves are reelected centrally and in the regions. Judging by the statements of a number of authoritative leaders, the prerequisites exist for the formation of a coalition of left-wing and patriotic forces in the State Duma and in the regions.

But, I repeat, that is precisely what the present ruling group is most afraid of, and it is trying to derail the normal democratic process of alternation of power. The most characteristic illustrations are the postponement by presidential edict of elections to regional legislative organs and of heads of administrations, and the president's freezing of the law on the procedure for forming the Federation Council, which was approved by both houses of parliament. The motives are absolutely clear. In the first case it was the desire to prevent the formation of local organs of power capable of ensuring honesty in the holding of presidential elections and the summing up of their results. In the second, it was the president's wish to have a Federation Council that is in his pocket, appointed by him personally, as a counterweight to the new State Duma and an obstacle in its path.

It is in this sphere that the present Duma could do much in its remaining two months of work. At the opening of the Duma session our faction proposed that efforts be concentrated on the formation of a legal base for real, not illusory, people's power. Apart from the problems just mentioned, concerning which deputies have already submitted questions to the Constitutional Court, our proposals envisage the creation of a medical commission to investigate the state of health of contenders for top state posts, amendments to the concept of parliamentary immunity so that a deputy's mandate cannot be a shield for criminal elements, and the compulsory declaration of officials' income. These are rather modest but realistic proposals, and it is certainly within the powers of the present Duma to implement them. But the more decisive steps — the introduction of amendments to the Constitution to widen the control functions of the legislative power and increase the executive's accountability — must be taken by the newly elected deputies.

The CPRF election platform states that the upcoming parliamentary and presidential elections may be the last chance to change by peaceful democratic means the present political and socioeconomic course, which has led our Fatherland into dreadful tragedy. Our tactics are entirely within the framework of the course of peaceful development. But it is well known that **it is no use begging for peace on your knees. It takes strength, too.** That strength is the strength of the cohesion and organization of all society's sound, patriotic forces, the strength of the combination of parliamentary and various extraparliamentary forms of political struggle — up to and including a general political strike, the prerequisites for which are developing slowly but surely. Finally, it is the strength of flexible tactics innocent of both appeasement of the Fatherland's destroyers and adventurism.

We must be fully aware that the left-patriotic opposition could very soon cease to be pure opposition in the people's eyes, at least in parliamentary terms. It will bear an even greater responsibility for the country's fate, and protestations of parliament's impotence are not going to impress anyone any longer. In these conditions a major review of the tactics followed hitherto is needed. The experience of past years has taught us much, but we still have even more to learn.

Gaydar Foresees Strong Electoral Showing by Leftists

MK1810105895 Moscow SEGODNYA in Russian 13 Oct 95 p 2

[Report by Viktor Khamrayev: "Yegor Gaydar Has Found a Way To 'Plug the Little Holes' Through Which Federal Money Is Leaking Out. Leader of "Russia's Choice" Thinks a Return to Socialism Is Easy To Implement"]

[FBIS Translated Text] The view that it is impossible for Russia to return to socialism is considered by Yegor Gaydar to be "a striking illusion." "A leap backward" is quite feasible, and can be made "easily," the chairman of the "Russia's Democratic Choice" party assured Moscow reporters invited to yesterday's news conference.

Everything will go almost along the lines of "the story of NEP [New Economic Policy] being curtailed." The "Russia's Democratic Choice" leader forecasts "a radical change" in the Russian political situation in the event 226 seats in the new parliament are gained by "the nationalist-socialist coalition," which, according to the advocate of liberalism, includes the blocs of nationalists, Communists, and Agrarians.

After winning a majority in parliament, according to Mr. Gaydar, the leftists and radical leftists, in order to fulfill their election campaign promises, will first pass a few populist laws — raising pensions, supporting the military and the military-industrial complex, repaying savings deposits, etc. To implement the laws, the "printing press" will be switched on, and the "empty" money will fuel inflation, triggering thereby, in Mr. Gaydar's opinion, "a breakdown mechanism," which in accordance with the well-known chain of "necessity for state regulation — inevitability of state norm-setting and distribution — automatic revival of state planning — inevitability of a rationing system," will take Russia to socialism.

At the same time, the head of "Russia's Democratic Choice" is apprehensive that "the breakdown mechanism" may be launched by the president and the government even before the elections. The former deputy premier, however, hopes that the executive power will not succumb to the temptation of using populist methods to win over the voter, who for the time being likes the Left, as Mr. Gaydar regretfully admits.

The cause of the "leftist bent" among voters is seen by "one of the architects of reform" as being the "nomenklatura capitalism" formed in Russia following "the suspension of reforms after 1992." In view of this, Gaydar's faction, as media workers were informed, has worked out a number of draft laws which, when passed, "will make it possible to sever the close connection between private property and the power structures," the Duma faction leader argues. The purchasing code, the laws on abolishing tax and import privileges, the law on defending taxpayers' rights, as well as other projects, according to the party chairman, are apt "to plug the little holes through which federal money is being redistributed into private pockets." When the system brought to life by the above laws takes effect, it will turn out to be more powerful, in Mr. Gaydar's estimate, than all the edicts and laws against corruption.

The widespread idea that only "a strict general carrying a big, knotty stick" can cope with corruption, makes Mr. Gaydar smile — first, because having seen analytical reviews of relevant "world experience," Yegor Timurovich [Gaydar] has found out that: "Topping the list of corrupt officials are the military;" and, second, that a single person — "even a very good one" — cannot overcome the "state machinery," the more so because the current Russian "state machinery" is making "the market work in the interests of the bureaucracy," the "Russia's Democratic Choice" leader is convinced.

Filatov Interviewed on Election Blocs, Campaigns

LD1710182095 Moscow INTERFAX in English 1715 GMT 17 Oct 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] Russian president's Chief of Staff Sergey Filatov has been interviewed by INTERFAX correspondent Vyacheslav Terekhov on the beginning of the election campaign and correlation of political forces in the run-up to the parliamentary elections.

IF: What do you make of widespread speculations of a possible rescheduling of general elections and allegations saying the administration was working on such plans?

FILATOV: Although there is much talk to this end, I can see no reason why the December election should be postponed until a later date. Voices opposing new elections could be heard even before the publication of the presidential decree on the December poll. A variety of reasons were given in favor of cancelling the next election, but many of them referred to the country's economic plight and the need to establish tougher rule first.

However, the president appointed the date of new elections and a signature collection campaign is now in full swing with new candidates and election alliances being registered by the central election commission every day.

As for the administration, we would like the election to be held in an organized way and ensure a high turnout on the polling day. This will help elect a parliament reflecting the genuine balance of forces.

Allowing only the most disgruntled and by definition, politicised part of the society is unacceptable. For its part, the administration would like to open contacts with various movements, youth, intellectuals, servicemen and Cossacks to learn what their demands and grievances are and to try to drive home what voting results will be if they fail to turn up at the polling stations on December 17. President Boris Yeltsin is keeping an eye on this work.

Clearly, an open election campaign must be arranged for the poll to be a success. But a number of problems would have to be resolved for this to happen. One is how to share out equally air time on television between different rival groups at a time when the number of parties alone runs at about 300. There will not be enough time even if the candidates are allowed to appear in round table programs. Nor will the viewers be able to remember either their programs or what makes them different.

Nonetheless, all effort must be taken to help voters judge candidates on their merit.

IF: Don't you think we may have shifted to forming a legislature on partisan principles much too early?

FILATOV: The formation of a State Duma on a party basis is a must. It won't be long before the existing 300 parties shrink to a handful.

If not, we are most likely to revert to a department-style parliament of the past. The military will be out to win seats in order to defend the military budget while health workers will press for their own corporate interests. The laws approved by such a parliament will be the result of a successful lobbying by department representatives but will hamper the country's dynamic development.

I think the December poll will show up who is who and which of the parties and movements does reflect genuine public interests. The electorate will rally around the winners and the process will help us approach the next year presidential poll in a more organized way.

IF: What do you make of the electoral chances of the Our Home is Russia movement?

FILATOV: Clearly, the movement has been enhancing its rating by the day after a false start initially caused by the preponderance of government bureaucrats in its ranks. This caused certain mistrust which is now gone after the movement has emerged as a new party whose election platform is attractive to the electorate.

I think the other bloc led by Ivan Rybkin will at last be formed and will show well enough in the December poll though not necessarily winning as many as seats as expected before.

IF: Almost all registered blocs are newcomers in the country's political arena. Many of those which were active in previous elections of two years ago are no longer on the list of favorites apart from communists whose expectations for an election victory are greater than before.

FILATOV: Those whom we called democrats before are no longer popular today which does not mean that democratic values have become less attractive.

Internal rifts within what used to be a broad pro-democracy movement led to negative results because the electorate hates to support those locked in wrangles. But this in itself should not be taken as failure by democratic values to take root in the society and that democratic trends will be defeated.

As for the communists, and here I mean the Russian Communist Party, its leadership has managed to show that the party has rid itself of extremists and scandalous or odious figures. The communists still demonstrate the habitual unity of party ranks though this has always been a smokescreen hiding differences of views and even programs as shown by what happened after the break up of the Soviet Communist Party.

IF: Given the absence of a strong partisan movement, the new Duma may become a heaven for career seekers or members of criminal rings. President Yeltsin has repeatedly voiced concern about this.

FILATOV: The danger is there but full information can help avert it.

It is up to the voter to decide whether or not he lays trust in this or other candidate or his program. The press also has a specific role to play.

IF: Don't you think that criminals will have no incentive to run for the State Duma if parliamentary immunity is withdrawn?

FILATOV: I should think the immunity provision will have to be amended even if for the sole reason of being unconstitutional. The constitution vests deputies with immunity for a lengthy period but there is no indication that it cannot be lifted temporarily in cases such as police investigation. If a deputy commits a crime, he must be made accountable as any one else.

I should think our analysts made a mistake by advising the president to endorse a law granting full parliamentary immunity.

IF: Don't you think that those under investigation must also have their electoral rights curtailed?

FILATOV: This is not as simple as it seems either. Let me quote you an example from the previous election campaign in Penza region where one of the candidates for governorship was arrested by local security services to prevent him from standing in elections. There is no certainty this won't happen again. Candidates can be arrested until the registration campaign is over and then released, let alone given apologies.

There is no ready-made answers to such problems and that is where the public and lawyers must work together. Legislation must be improved and experience gained by other countries examined. And of course, it is the legislator's job to try to make laws which can defend his honor and dignity on the one hand while creating an instrument which can help check his own integrity before the law.

Delegations End Talks on Nagorno-Karabakh Conflict

LD1710200495 Moscow ITAR-TASS in English 1936 GMT 17 Oct 95

[By Vladimir Mostovets]

[FBIS Transcribed Text] HELSINKI, October 17 (ITAR-TASS) — Two-day consultations ended in Helsinki today, summing up Armenian-Azerbaijani talks on an accord to cease the Nagorno-Karabakh conflict.

The talks were held on the Aland Islands from October 9 to October 15 under the aegis of the Minsk group on Nagorno-Karabakh co-chaired by Russia and Finland.

The Minsk group of the Organisation for Security and Cooperation in Europe was represented at the Helsinki consultations by its co-chairmen — the Finnish Foreign Ministry's special envoy Rene Nuberg and Russian presidential envoy for Nagorno-Karabakh Vladimir Kazimirov.

Apart from delegations of Armenia, Azerbaijan and Nagorno-Karabakh, the consultations were attended by delegates of the U.S., Turkey, France, Germany, Hungary, Sweden, Italy, Switzerland and Belarus.

The talks were difficult, but there is ground for optimism, Kazimirov told ITAR-TASS.

He said the talks were successful in that opinions were exchanged on the phraseology of the peace accord and an understanding was reached on major military and technical aspects of the truce.

Strain remains over military-political issues, such as liberation of territories occupied by the conflicting parties in the period of hostilities.

Although controversies persist, there has been more consensus between the sides, Kazimirov said.

He described the outcome of the talks as encouraging.

The next round of the talks is due to be held in Moscow in November.

ITAR-TASS Carries Press Review for 18 Oct

LD1810083895 Moscow ITAR-TASS in English 0748 GMT 18 Oct 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW October 18 (ITAR-TASS) — IZVESTIYA on the election campaign.

The newspaper carries an article headlined "The buying of voters' signatures turns dollar-wise". The newspaper's parliamentary news analyst examines electorate manipulating methods to which political parties and movements resort in order to secure the election of their representatives to the State Duma at the December 17 elections. The analyst focuses on a "new kind of business" — the sale of signatures by citizens to parties' signature-collectors.

"Professional signature-collectors do not canvass the district any longer but seek to get access to databases. They keep prepared packages of signatures, awaiting a market price quotation. But this is only a warming-up session in the run-up to Presidential elections when, experts predict, the starting price of one signature will be five U.S. dollars," IZVESTIYA points out.

KRASNAYA ZVEZDA on the situation in Chechnya.

The newspaper asks: "Will a political way out of the 'Chechnya deadlock' be found or will the army have to shoulder all the burden again?"

Analysing the situation in the Republic, the newspaper writes: "There can be two ways out of the deadlock: a strongarm one when the obstructing wall is broken through, and a pullout. The latter scenario — a withdrawal of Federal troops from the areas which they control now — would immediately result in the restoration of the pro-Dudayev power there."

KOMSOMOLSKAYA PRAVDA on the need of accord between Chechen leaders.

The newspaper runs an interview with Ramazan Abdulatipov, Deputy Speaker of Russia's Federation Council, who believes that it is essential to ensure accord, first of all, between Chechen leaders in order to set the negotiating process in Chechnya going and overcome the crisis.

IZVESTIYA on a "third force" in Chechnya.

"The sharp aggravation of the situation in Chechnya has again drawn the attention of both politicians and the military to the so-called third force, by which people in the Republic mean the entire anti-Dudayev opposition and the Moscow 'party of war'.

"However, the war in Chechnya will not end even if Moscow decides to withdraw troops completely. To begin with, winners in the internecine strife will begin to settle scores with 'traitors to their people' and launch score-settling between field commanders. The situation would start to develop according to the Afghan scenario," the newspaper concludes.

ROSSIYSKIYE VESTI on Ministerial cutbacks in Russia.

Gennadiy Melikyan, Russian Minister of Labour, describes problems connected with a reduction in the number of Russia's Ministries and departments, of which there are more than 75 at the Federal level now.

Melikyan is of the opinion that "the path of mechanical staff cuts in Ministries and departments has already exhausted itself. The only real possibility now to reduce the outsize bureaucracy is to restructure the managerial system." The Minister of Labour believes that "this means eliminating primarily the parallel entities resultant of merging those of them which perform similar functions or duplicate one another."

ROSSIYSKAYA GAZETA on a State regulation of the prices of the products of natural monopolies.

Under the rubric "The glad news to the housewives" the newspaper runs a Government resolution 'On a State regulation of the prices of the products of natural monopolies'. The resolution sets a moratorium on an increase in the prices of gas and petroleum products, electric and thermal energy, and railway transportation of goods until January 1, 1996.

ROSSIYSKAYA GAZETA on the problem of providing housing for Russian servicemen.

The author of an article headlined "You have no housing accommodation — file an application" points out that less than a half of the 1993-1995 State Housing Programme has been implemented due to inadequate financing.

However, a 1996 budget plan envisages the allocation of only 79,000,000 million roubles for Defence Ministry spending, with the army's minimal requirements being estimated at 134,000,000 million roubles. If this budget item is not amended, the military will have to forget about getting apartments for a long time ahead, the writer of the article observes.

IZVESTIYA on the nomination of Yuriy Skuratov for the post of Russia's Prosecutor-General.

Commenting on the nomination, the newspaper notes that this proved utterly unexpected for the staff of the Office of the Prosecutor-General because the President was given a list of 20 candidates for the position.

Yeltsin Will 'Never Allow' NATO Nuclear Arms in E. Europe

AU1810135895 Paris AFP in English 1354 GMT 18 Oct 95

[Embargoed by AFP until 1845 GMT 18 Oct]

[FBIS Transcribed Text] Moscow, Oct 18 (AFP) — President Boris Yeltsin on Wednesday [18 October] warned that Russia would never allow nuclear arms to be deployed in eastern Europe as part of NATO's expansion.

In an interview with the French state television network France 2 broadcast on Russian TV, Yeltsin said such a move would be as "madness" saying: "They want to take the countries of eastern, western and central Europe and stuff them with nuclear arms.

"Will Russia permit this? No and no again."

Yeltsin Warns He May Halt Cuts in Nuclear Force

MS1810081795 London THE GUARDIAN in English 18 Oct 95 p 16

[Report on interview with Russian President Boris Yeltsin, by David Hearst, in Moscow, 17 Oct: "Yeltsin May Stop Nuclear Arms Cut"]

[FBIS Transcribed Text] President Boris Yeltsin warned yesterday that Russia may be forced to halt cuts in its strategic nuclear force if the United States administration acts on a Senate decision last month to develop a national missile defence system.

Mr Yeltsin's statement to the Guardian is the first official response to the Senate's decision and lays down a clear marker for his summit with President Clinton in New York next week.

The Russian president said: "At (my) meeting in May with President Clinton we confirmed the significance of the Anti-Ballistic Missile treaty for strategic stability. But today the mood of the U.S. Congress is leading to the practical breaking of this treaty.

"If such a mood becomes the official line of the U.S., strategic stability would without doubt be blown up. It is not excluded that, in this ease, the continuation of the reduction of strategic offensive weapons would be put into question."

As if to underline Russia's seriousness, the first deputy prime minister, Oleg Soskovets, flew to Cuba last week to renew co-operation agreements, ending a four-year freeze in relations.

Mr Yeltsin's statement, with its reference to the possibility that the START I and START II arms agreements could be jeopardised is a further sign of the cooling in bilateral relations between the two superpowers. NATO's expansion plans and Washington's policy on Bosnia have both added to the strain in relations. but the nuclear disarmament issue is potentially the most damaging.

The US Congress's decision to develop a multi-site ABM system was the result of a compromise with Republican senators, who argued that the 1972 treaty was dead and did not protect the U.S. from rogue states possessing ballistic missiles.

In deferring a decision on deployment, the compromise said that should Washington fail to convince Moscow that the U.S. was still acting within the ABM treaty, the US should formally withdraw from the treaty. With yesterday's statement from Mr Yeltsin, the stage is set for another superpower clash. The 1972 treaty is a sacred cow to Moscow and is still regarded as the cornerstone of Russia's commitments in START I and START II to first limit, and then destroy, all Russia's land-based multi-warheaded missiles (MIRVs), the stars of the rocket fleet.

The treaty limits each side to one ABM site of no more than 100 interceptors. Under START I, Russia is bound to destroy half of its heavy SS-18 missiles, and under START II, all of its land-based MIRVs, by the year 2003.

Mr Yeltsin's military advisers are arguing that it would be folly to destroy Russia's best missiles on the assumption that the U.S. would develop but not deploy its counter-system.

Major-General Vladimir Byelous, professor at the Academy of Military Science, said: "The reduction of the offensive means of Russia would be simultaneously accompanied by an increase in the defensive capabilities of the US, in conditions where Russia's economy can't do the same. This asymmetry would inevitably lead to a radical destruction of the balance of strategic arms in favour of the U.S.."

Russia 'Flatly Refuses' Bosnia Peacekeeping Command

MM1710170195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 18 Oct 95 p 7

[Report by Yelena Kalyadina: "Moscow Battle for the Balkans"]

[FBIS Translated Text] The Contact Group session held in Moscow yesterday on settling the Yugoslav conflict was a kind of tribute to Russia for its all-out contribution to the peace process. The idea put forward by President

Yeltsin to hold an international conference in the capital could not, alas, be put into effect. But this conference, journalists were informed by Contact Group members, is not far off.

To what extent is this organizational optimism justified? It is not reinforced by the reports of violations of the cease-fires on the Bosnian fronts. Furthermore, the Contact Group members themselves by no means feel even the slightest satisfaction. Igor Ivanov, Russian first deputy foreign minister, admitted that in Moscow, instead of providing answers, they had made the problems more acute.

For example, one such problem is NATO's implementation of the peacekeeping operation in Bosnia following the withdrawal of UN troops from there. Russia flatly refuses to participate in it under NATO command. According to Richard Holbrooke, U.S. assistant secretary of state, the Moscow conference did not eliminate these differences of opinion. The talks will be continued in Brussels, specifically tomorrow, at a NATO Council session under the "16 plus 1" formula.

Ivanov: Moscow To Suspend Yugoslav Sanctions

LD1710154095 Moscow ITAR-TASS in English 1424 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — Russia insists that international sanctions imposed on Serbia and Montenegro must be suspended from the beginning of an international conference on the former Yugoslavia and must be lifted with the signing of a peace treaty, Russian Deputy Foreign Minister Igor Ivanov said on Tuesday after a meeting of the international Contact Group.

Ivanov admitted that Russia's standpoint is not shared by all other members of the Contact Group. "But we are determined to defend our stance during further negotiations within the Contact Group," he stressed.

Ivanov Calls Moscow Contact Group Meeting 'Productive'

LD1710222895 Moscow ITAR-TASS World Service in Russian 2122 GMT 17 Oct 95

[By ITAR-TASS correspondent Ivan Ivanov]

[FBIS Translated Text] Belgrade, 18 Oct (ITAR-TASS) — "We would like to take to the leaders of Yugoslavia, Croatia, and Bosnia-Herzegovina the decisions made on Tuesday [17 October] at the Moscow meeting of the Contact Group." This is how Igor Ivanov, Russian first Deputy foreign minister, explained the aim of his visit to Belgrade with Richard Holbrooke, assistant to the U.S. secretary of state, and European Union mediator Carl Bildt. The representatives of this delegation are expected to go to Sarajevo today after talks with Slobodan Milosevic and then to Zagreb for a meeting with the Muslim and Croatian leaders, Alija Izetbegovic and Franjo Tudjman.

Ivanov said the Moscow meeting of the Contact Group was extremely productive. A wide range of problems connected with bringing about a settlement in the Balkans was considered at the meeting. He particularly singled out the initiative put forward by Moscow at the meeting: the beginning of talks on a comprehensive resolution to the crisis between the sides in the conflict should mean that all international sanctions with regard to Yugoslavia are suspended, and that the signing of a peace treaty should mean they are lifted in full. Ivanov admitted it was true that "a general consensus on this initiative was not expressed among the members of the Contact Group; however only doubts of a general nature were expressed." "In any case, Russia will continue to insist on its proposal," the diplomat stressed.

Replying to a question as to how the international mediators expect to resolve the issue of fixing borders in Bosnia-Herzegovina, Ivanov said that, as far as Russia was concerned, the previous formula "remains valid: 51 percent for the Muslim-Croat federation; 49 percent for the Bosnian Serb Republic." "This formula of the contact group was even signed in Geneva and representatives of all three Bosnian peoples on 8 September," he recalled.

Moreover, the diplomat did not give a direct answer to the question of whether the Muslims and Croats would give back to the Bosnian Serbs the territory in the west of Bosnia seized over the last month and a half. Now, after the aggression of the troops of the Muslim-Croat coalition, the Serbs are only in control of 44 percent of Bosnia-Herzegovina. "A specific mechanism for fixing borders will be the subject of the forthcoming talks between the presidents of Serbia, Croatia, and Bosnia-Herzegovina in the United States," said Ivanov.

Having touched upon the problem of the agreement on a cease-fire in Bosnia-Herzegovina which came into force on 12 October not being observed by the Croats and Muslims, Ivanov reported that the Russian delegation had also raised this issue quite firmly at the sitting of the Contact Group and had received the support of all of its members. "We consider that if the violations of the cease-fire agreement continue and if the Croats attempt to redraw the map by force, then all of the efforts of the Contact Group may be cancelled out and this will wreck the peace process," he stressed.

Ivanov noted that all violations of the cease-fire agreement in Bosnia, irrespective of from which side they originated, "should be punished." Despite the fact that there are no international guarantors of this truce agreement who could forcibly "punish" violators, the Russian diplomat stated: "I think that the Contact Group member countries have sufficient political mechanisms at their disposal to force the sides to observe the agreement."

Kozyrev on Formula For Bosnian Military Settlement

LD1710200095 Moscow Russian Public Television First Channel Network in Russian 1800 GMT 17 Oct 95

[From the "Vremya" newscast]

[FBIS Translated Text] Assessing the results of the Moscow meeting of the Contact Group, Andrey Kozyrev noted in an exclusive interview with the Vremya program that a general formula for the military aspect of the next stage in the Bosnian settlement was developed for the first time today.

[Begin recording] [Kozyrev] The operation will not be successful if it is just a NATO operation. It will be successful if it includes both NATO and Russia and so on. We have now managed to get recognition for the formula: NATO, Russia, and other participants. This principle has now been recognized and, incidentally, at the meeting in Moscow. The Moscow meeting signals a turning point, a move away from attempts to act alone, which patently do not bring the desired results, toward a recognition of the need to act jointly and to unite efforts. And it is not for nothing that the three which — as you may remember — we suggested several weeks ago will be working in Yugoslavia tomorrow. That is Ivanov from Russia, Holbrooke from the United States, and Bildt from the European Union. Together, together for the first time, they will approach the presidents of these republics. This is the embodiment of this qualitative change. [end recording]

NATO's Moltke Cited on Talks in Polish Capital

MM1710120895 Moscow KRASNAYA ZVEZDA in Russian 17 Oct 95 p 3

[ITAR-TASS report: "NATO Elaborates Latest Program To 'Appease' Russia"]

[FBIS Translated Text] Warsaw, 16 Oct — The document on the expansion of NATO recently presented in Brussels "does not contain any demand on the new member states of the bloc as regards the stationing of nuclear weapons on their territory." Gebhardt von Moltke, the NATO secretary general's aide for political questions, stated this following talks in Warsaw. He is the head of a delegation from NATO headquarters which is concluding its consultations in the Polish capital.

The aim of the consultations was "an extensive analysis of the problems" connected with the expansion of NATO, which was conducted by representatives of the alliance together with leaders and experts from the Polish military and diplomatic departments. But, diplomats in Warsaw are stressing, the Polish side has told its NATO partners that the significance of the aforesaid document "will not depend on its intellectual perfection but on its practical implementation."

When the talks had ended, Von Moltke said that the process of the construction of a new Europe not broken up into opposing blocs is currently under way. From what he said, if this aim is to be achieved, then it is necessary not only to eliminate the dividing lines but also to form relations between NATO and other states, one of which is Russia. "Therefore no one should be surprised," he noted, "that this process requires time." From what he said, work is in progress within NATO on a program "which will convince Russia that the expansion of NATO is not aimed against it and does not present any danger."

Chirac Aide on Yugoslavia, European Security

MM1810090395 Moscow ROSSIYSKIYE VESTI in Russian 18 Oct 95 p 3

[Interview with Pierre Lellouche, secretary of French National Assembly Commission for National Defense, by Kirill Privalov in Paris; date not given: "Moscow-Paris: Cooperation for the Sake of Peace. On Russian Federation President's Visit to France" — first paragraph is introduction]

[FBIS Translated Text] Pierre Lellouche is a deputy in the French National Assembly, secretary of the Commission for National Defense, and Jacques Chirac's adviser. He witnessed the first meeting between Boris Yeltsin and Jacques Chirac. What is more, he organized it! And it is no coincidence that it is Mr. Lellouche, the well-known politician, political scientist, and journalist whom we have turned to now, on the eve of the Russian and French presidents' next meetings in Rambouillet and Paris.

[Lellouche] Let us begin by clarifying that this will be Jacques Chirac's and Boris Yeltsin's first meeting as presidents. I remember Boris Yeltsin coming to Paris in 1991. But Francois Mitterrand, who was president of France at the time, refused to receive him officially. Mayor of Paris Jacques Chirac willingly met the Russian leader. That was when their friendship began.

Jacques Chirac and Boris Yeltsin are alike. They are sincere, passionate people, committed to their jobs. President Chirac knows the difficulties now being faced by democratic Russia and its first president, and he wants to help your country without at the same time interfering in its internal affairs.

The French president is well informed of the state of affairs in Russia and is concerned about the outcome of the upcoming parliamentary elections. What changes will there be in Russian policy if the Duma majority is made up of "Communists and nationalists"? How confidently will Boris Yeltsin's control of power be then?

[Privalov] What hopes are you personally pinning on the upcoming visit?

[Lellouche] I am very glad that Yeltsin will once again be meeting with Jacques Chirac. We Gaullists have always attached particular significance to Russia's role in Europe. Both under Communism and during the years of Gorbachev's perestroyka.... That is also our view now that your country has embarked on the road of true democracy and is not experiencing the best of times. Our presidents' meeting marks an opportunity to raise the ties between France and Russia to a new level.

[Privalov] General de Gaulle was certainly always talking about the special role played by France and Russia in establishing Europe "from the Atlantic to the Urals." But judging by what is happening in the Balkans our countries find it extremely hard coping with the role of "guarantors of peace" on the continent.

[Lellouche] The France-United States-Russia triangle that has formed in connection with events in and around Bosnia indicates that our countries are perhaps the only ones to have maintained a strong, confident voice amid the international political choir. The continuing war in the former Yugoslavia is our common tragedy. Since it is partially due to disagreements among us Europeans. Had we, from the outset of the collapse of Communist Yugoslavia, espoused a clearer, tougher stance toward nationalists as Jacques Chirac wanted when he urged Europe in June 1991 to react with greater authority to events in the Balkans, we would not now be witnessing such terrible carnage.

How has this happened? The West Europeans fell out among themselves since they did not know who should do what. Russia, overcome by its own internal problems, could not do anything. France under Socialist control merely confined itself to "humanitarian actions." Elements in a tragedy that was not long in unfolding. And now the world community is making incredible efforts in a belated attempt to unravel this Gordian knot.

[Privalov] But this is being done in accordance with the U.S. scenario! And when U.S. domestic political events required.

[Lellouche] I do certainly feel, how can I put it, embarrassed that the establishment of peace in Yugoslavia is linked with U.S. plans. The theory of a "united Bosnia," albeit divided hypothetically between the Serbs and Croats, seems risky to me. Are we not creating a Muslim "Bantustan" in the center of Europe? An enclave of Islamic fundamentalism two hours by air from Paris?

[Privalov] A pressing problem for France, which knows from its own experience the nature of Islamic fanaticism!

[Lellouche] But the point is that the longer this war goes on, the more active Muslim fundamentalists become in Bosnia! Five years ago the Yugoslav Muslims were not Koran fanatics at all. During the war they have felt that the religion of their forebears represents an opportunity for them to assert their identity.... I can perfectly well understand the Russian sympathy for the Serbs. But rabid pan-Slavism in Russia could give rise to an upsurge of Muslim fundamentalism in response.

[Privalov] So, can we Europeans only advocate "rabid Americanism"?

[Lellouche] The Europeans have assumed the bulk of the "Yugoslav burden," yet the Americans have today won the chief peacemaker's laurels. A "united Europe" still only exists on paper, and Russia is weakened by internal conflicts. Figuratively speaking, the Americans were the first to reach the finishing line because their rivals had not even gotten to the start. But do not think that I intend to cry when viewing the achievements of U.S. diplomacy! I am just sad that a "pax Americana" is being created in Europe because we West Europeans and you Russians are unable to build our "common European peace."

But, no matter what, I am happy that the peace process in Yugoslavia has begun. Maybe not on the basis that we would have liked, but it has begun! For comparison's sake: Look how Israeli-Palestinians relations are being established. The peacemaking between the Israelis and Palestinians began with positions that did not suit either side. Then came an opportunity for compromise and mutual accords. Trust was born. In itself the negotiating process creates the energy for construction. The dynamics of war are giving way to the dynamics of peace, and that is the main thing! I would like to believe that the same is also going to happen in the former Yugoslavia.

[Privalov] You have spoken of mutual trust. Does that principle not run counter to the very existence of the

NATO bloc? Especially to its expansion via the addition of Russia's neighbors?

[Lellouche] Russia and NATO represent a clash of principles. First, Russia does not have the right to control its former satellites: If Slovakia, say, wants to enter European and international institutions, its president has no need to ask Moscow's permission to do so.

[Privalov] Wait a minute! European institutions are one thing: The EU, for instance. The NATO military bloc is another.

[Lellouche] We can perfectly understand Russia's new strategic position. For the first time since the 16th century your country sees Western borders approaching its center. What is more, millions of Russians have found themselves in the near abroad. Communists and nationalists are stirring things up. We realize the danger, for the West among others, of NATO's arbitrary expansion up to Russia's borders. But on the other hand, this military bloc has in itself ceased to be the machine of confrontation to East Europe. The bloc is not aimed against anyone specifically today; it is necessary to ensure stability in Europe. Is your country really not interested in the same thing? At one time Gorbachev said: "Yes to German unification, but outside the NATO bloc!" But that is nonsense! Is that not dangerous: A united Germany outside NATO?! If there are no U.S. soldiers left in Europe, nor any U.S. nuclear warheads, it is in Russia's interests to stabilize Central Europe by having its former satellites join the EU and (why not?) the system of collective European security.

It is necessary for both of us to be calmer and more patient. Then it will be easier for Europeans to talk to one another and reach mutual understanding. Is that not how the dynamics of peace are attained?

Kozyrev To Meet U.S. Envoy Talbott 18 Oct

LD1710195395 Moscow INTERFAX in English 1852 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — Moscow hopes for a reasonable compromise on the issue of Russia's role in the multinational force to be deployed in Bosnia after the rival factions conclude peace, Russia's Deputy Foreign Minister said on Tuesday.

Nikolay Afanasievskiy, who earlier in the day took part in a meeting held by Russia's First Deputy Foreign Minister Igor Ivanov with two assistants of the US Secretary of State, Strobe Talbott and Richard Holbrooke, said it was too early to sum up the results of the discussion. "The sides keep working," he said.

Afanasievskiy said that the Russian Foreign Minister Andrey Kozyrev would meet with Strobe Talbott tonight.

Reliable sources in the Foreign Ministry said that the meeting would be held in private. "By mutual agreement only broadcast media were invited to attend the beginning of the meeting. The issue to be discussed is very sensitive and neither Kozyrev nor Talbott are going to make any statements afterwards," a source said.

Afanasievskiy said that Mr Talbott's meeting with Russian Defence Ministry officials was scheduled for Wednesday.

Earlier Kozyrev made it quite clear that Russia, which was not a member of NATO, could not let its military contingent in a future multi-national force in Bosnia be placed under NATO's command.

Meanwhile, after the end of the Moscow meeting of the contact group on Bosnia R. Holbrooke said that the United States would not agree with the idea that NATO and Russian Generals should take turns as multi-national force commanders.

Mr Holbrooke said that the principle of subordination and one-man-command must be observed to the full. He made it quite clear that Russia would be able to take part in the military operation in Bosnia only on that condition.

Yeltsin Not To Attend U.S.-Russian Exercises

LD1710195095 Moscow INTERFAX in English 1852 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — The tight schedule of President Boris Yeltsin's visit to the U.S. does not include a visit to the Russian-U.S. Peacekeeper-95 exercise, his press secretary Sergey Medvedev told INTERFAX Tuesday night.

Earlier on Tuesday INTERFAX quoted a Defense Ministry official as saying that this visit is possible.

Yeltsin Awards U.S. Citizen Order of Friendship

LD1810092795 Moscow ITAR-TASS in English 0856 GMT 18 Oct 95

[FBIS Transcribed Text] MOSCOW, October 18 (ITAR-TASS) — For the immense contribution in the development of cooperation between American and Russian public organizations, Russian President Boris Yeltsin has issued a decree, awardering the Order of Friendship to Alan Cole, Chairman of the Chkalov Transpolar Memorial Committee in Vancouver city of Washington state, U.S.A.

The text of the decree has been circulated by the Russian President's office.

Russia Will Observe Sanctions Against Iraq

LD1710150695 Moscow INTERFAX in English 1347 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — Russia is not planning to unilaterally lift sanctions against Iraq, a high-ranking Russian diplomat told INTERFAX.

He said Russia maintains "regular political contact" with the Iraqi leaders.

"However, as long as the international sanctions against Iraq are in force, there can be no talk about cooperation with it in other spheres," he said.

Commenting on the results of the national referendum held in Iraq last Sunday and prolonging Saddam Husayn's powers by another seven years, he said that "it is Iraq's internal affair."

"The most important thing for us is to ensure that relations between Russia and Iraq develop for the benefit of both nations," he said.

He also noted that Moscow was determined to continue dialogue with Baghdad.

Zhirinovskiy Leaves Baghdad, Visits Cairo

LD1710231995 Moscow Radiostantsiya Ekho Moskvy in Russian 1900 GMT 17 Oct 95

[FBIS Translated Text] Today [17 October] Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia, visited the Egyptian capital. Konstantin Drobyshev [as heard] has the details.

[Correspondent] Vladimir Vulfovich arrived in Cairo straight from Baghdad for a referendum on a confidence vote of Saddam Husayn. Zhirinovskiy assured Husayn of his support. In Egypt the leader of the Liberal Democratic Party of Russia was accorded the attention due him. However, this did not stop Vladimir Zhirinovskiy from making a written appeal to the people of Egypt. Among its main theses was the statement that the country is governed by Israeli-American imperialists, because Egypt left the sphere of influence of the [former] USSR. This was the reason for all Egypt's troubles.

However, according to the ITAR-TASS correspondent in Cairo, Aleksandr Shumilin [as heard], it is hardly likely that the Egyptians understood what the leader of the Liberal Democrats had in mind.

The Egyptians ignored the visit of the newly announced prophet not wishing to have anything to do with him. The Russian embassy naturally welcomed the guest in an honorable manner, promising to inform the country's population of the appeal.

Grachev Has No Plans To Visit Iran

LD1810132495 Moscow INTERFAX in English 1146 GMT 18 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 18 (INTERFAX) — Russian Defense Minister Pavel Grachev does not plan to visit Iran in the near future, the Defense Ministry's spokesman told INTERFAX Wednesday.

He refuted press reports claiming Grachev's intention to visit Tehran before the end of this year.

"The minister does not plan a trip to Iran for this year," said the spokesman.

Grachev Postpones Greece Visit for Court Appearance

LD1710170095 Moscow INTERFAX in English 1602 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — The visit of Russian Defense Minister Pavel Grachev to Greece was postponed from October 30 to November 1 "with the mutual agreement of the parties," Grachev's aide Yelena Agapova told INTERFAX today.

When asked about Grachev's possible appearance in the Krasnopresnenskiy Municipal Court, Moscow, Agapova said the legality of the court's decision (obliging Grachev to come to the court — IF) was currently being examined. "The minister's lawyer has revealed violations in the proceedings," Agapova said.

Agapova said: "If the court fails to accept the arguments advanced by lawyers, the defense minister, as a citizen who abides by law, will come to the court."

The Krasnopresnenskiy Municipal Court is to hold its next session on October 25.

Grachev applied to the Russian Prosecutor General's Office on October 19, 1994, requesting that a criminal case be instigated against Moskovskiy Komsomolets journalist Vadim Poegli. Grachev took action following the publication by the Moskovskiy Komsomolets newspaper of an article titled "Pasha-Mercedes: the thief should be in prison rather than be the defense minister." The article concerned corruption in the Western Group of Troops earlier deployed in Germany.

Moscow Regrets Estonia's Anti-Russian Stance

LD1710160995 Moscow ITAR-TASS in English 1544 GMT 17 Oct 95

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — "Recent statements made by Estonian President Lennart Meri in Sweden and Finland who made clear his negative attitude to Russia, mistrust of its foreign policy and exaggerated a non-existent Russian threat, have, mildly speaking, perplexed Moscow," Russian Foreign Ministry spokesman Grigoriy Karasin said in an interview with ITAR-TASS today.

"It is even more surprising to hear such statements from the president who has put every third resident of his own country in a discriminatory position and whose country, contrary to generally acknowledged international norms and principles, continues to make territorial claims on its neighbour," Karasin said. "Do they really believe in Tallinn that confrontation with Russia is the Estonian 'contribution' to general European security and stability or is this a means by which Estonia seeks to get an access to NATO?" the spokesman said.

"It is not Russia, but Estonia which creates problems by its attitude to Russia and ethnic Russians living on the Estonian territory. No matter what is going on, we firmly come out for a progressive advance made by our countries and people towards good neighborly relations, friendship and mutual cooperation," the spokesman said.

"The Russian diplomacy is making persistent and painstaking efforts to this end. Recently, encouraging signs of possible progress have appeared," the spokesman said. He stressed that Russia welcomed such developments. But, unfortunately, "the Estonian leadership often remains deaf to Russia's efforts, and moreover, it occurs at a top level," Karasin said.

Karasin Urges Worldwide Efforts To Combat Terrorism

LD1710115795 Moscow ITAR-TASS in English 1146 GMT 17 Oct 95

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW October 17 (ITAR-TASS) — Russia called on all countries to join efforts in fighting terrorism following the hostage drama with 25 South Korean tourists at the Kremlin wall Saturday.

The incident "proves the necessity to join efforts of all countries in the fight against terrorism", official Russian Foreign ministry spokesman Grigoriy Karasin told a briefing Tuesday.

He said Russian commandos acted professionally while storming the bus with hostages and praised the seized South Koreans for "self-control". He also expressed gratitude to the South Korean embassy for "the spirit of cooperation" during the drama.

A lone masked terrorist seized a bus with South Korean hostages close to the Kremlin demanding a one-million dollar ransom. After nine hours of talks Russian commandos stormed the bus, killed the hijacker and freed all hostages unharmed.

Karasin said the South Korean Foreign ministry expressed "gratitude to the Russian authorities for the successful freeing of Korean citizens".

Karasin Urges Further Steps to Palestinian Autonomy

LD1710125895 Moscow ITAR-TASS in English 1245 GMT 17 Oct 95

[By Aleksandr Zhudro]

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — "Russia has actively contributed to the signing of the Israeli-Palestinian agreement on the expansion of Palestinian self-government. Now the main thing is to ensure its consistent implementation," a spokesman for the Russian Foreign Ministry, Grigoriy Karasin, told a briefing here today.

The Russian spokesman pointed to a deep concern of the Palestinians over delays in implementation of the agreement on the release of Palestinian prisoners from Israeli jails, particularly the freeing of Palestinian female prisoners, which had been agreed long ago but is still being delayed.

"We believe," Grigoriy Karasin stated, "that a prompt positive solution to the problem will strengthen mutual understanding between Israel and Palestinians and a favourable atmosphere for the peace process."

The Russian stance on the issue will be brought to the notice of Israeli Deputy Foreign Minister Eli Dayan, who is due to arrive in Moscow on Tuesday.

The Israeli diplomat will take part in the second session of the joint Russian-Israeli Committee on the Middle East.

On Wednesday, Dayan will meet Russian Foreign Minister Andrey Kozyrev, the spokesman announced.

Fleet Commander Denies Sunken Submarine Reports

LD1810083195 Moscow ITAR-TASS in English 0751 GMT 18 Oct 95

[By Yevgeniya Lents]

[FBIS Transcribed Text] VLADIVOSTOK, October 18 (ITAR-TASS) — Commander of the Russian Pacific Fleet admiral Igor Khmelnov has officially denied reports alleging that a Chinese submarine was drowned in the area of Vladivostok in 1983.

A sensation reports about an incident of 12 years ago was published yesterday by the Tokyo Shimbun with reference to Russian sources. The newspaper said that in 1983, a Victor III-class Soviet submarine collided with a Han-class Chinese submarine a hundred kilometers Southeast off Vladivostok. According to the newspaper, the Chinese submarine sank near the island of Askold and was left lying at the depth of 800-1000 meters.

In 1989, experts of the Far Eastern branch department of the Russian Academy of sciences allegedly detected strong radioactivity in this region, measuring around 1,000 Roentgen per hour, the newspaper said.

Experts of the Maritime department for environmental protection have denied these reports saying that they have no data about any such incident which might have caused perpetual radioactive contamination of the sea in the indicated area.

"Such a strong radiation level has not been registered even in the Chazhma bay where an accident occurred at a Russian nuclear submarine in 1992," experts of the Maritime Environment Department said. "The maximum level of radioactive contamination in the epicenter immediately after the explosion measured 117 milli Roentgen per hour, " the experts said.

Britain Seeks To Limit Russian Banking Operations

MM1710144295 Moscow IZVESTIYA (Financial Section) in Russian 17 Oct 95 p 3

[ITAR-TASS report: "Britain Refuses To Let Russian Banks Open in City"]

[FBIS Translated Text] The Bank of England is trying to restrain the rapid expansion of Russian banks in Britain. Several dozen Russian banks which had intended to open branches in London have recently been advised not to apply. The Bank of England is proposing instead that they open offices which, however, will not be able to conduct deposit operations. Seven Russian banks have already opened offices in London, and another four applications are being examined. We have learned from confidential city sources that the main obstacle to Russian commercial bank's opening branches in Britain is the fact that the British consider them to be inadequately controlled by the Central Bank of Russia.

Decree Text of Oil-for-Sugar Deal With Cuba

MM1710114195 Moscow ROSSIYSKAYA GAZETA in Russian 14 Oct 95 p 4

[Decree No. 977 of the Russian Federation Government "On the Signing of a Protocol on Trade Turnover and Payments Between the Russian Federation Government and the Government of the Republic of Cuba for 1996-1998," dated Moscow, 9 October 1995 and signed by Chairman of the Russian Federation Government V. Chernomyrdin]

[FBIS Translated Text] The Russian Federation Government decrees that:

1. The proposal of the Russian Federation Ministry of Foreign Economic Relations and the Russian Federation Ministry of Economics, which has been agreed with the Russian Federation Ministry of Foreign Affairs and the Russian Federation Ministry of Agriculture and Food, for the signing of a Protocol on Trade Turnover and Payments Between the Russian Federation Government and the Government of the Republic of Cuba for 1996-1998, which stipulates specifically the purchase in the Republic of Cuba for state needs of approximately 750,000 tonnes of raw sugar in 1996, and approximately 1.5 million tonnes and 1.75 million tonnes in 1997 and 1998 respectively, as a reciprocal delivery for an equivalent value of Russian oil on the basis of extrabudgetary financing, be adopted.

The draft of this Protocol (attached) (not published) be approved.

The Russian Federation Ministry of Foreign Economic Relations and the Russian Federation Ministry of Economics are to hold negotiations with the Cuban Side and specify the volumes of reciprocal deliveries of oil and raw sugar.

The Russian Federation Ministry of Foreign Economic Relations be charged with signing the aforementioned Protocol on behalf of the Russian Federation Government after agreement is reached, having allowed amendments and additions of a minor nature to be made to the proposed draft.

2. The Russian Federation Ministry of Foreign Economic Relations, the Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, the Russian Federation Ministry of Fuel and Energy, and the Russian Ministry of Agriculture and Food, together with other interested ministries and departments, submit

to the Russian Federation Government, within a month of the signing of the Protocol indicated in Point 1 of this decree, an agreed proposal for a mechanism for its implementation, with reference to effecting the reciprocal deliveries of oil and raw sugar in the quantities stipulated by the Protocol on the basis of extrabudgetary financing.

[Signed] Chairman of the Russian Federation Government V. Chernomyrdin

Moldovan Envoy on Plan for Dniester Solution

MM1810100695 Moscow ROSSIYSKIYE VESTI in Russian 17 Oct 95 pp 1, 3

[Unattributed interview with Moldovan Ambassador Extraordinary and Plenipotentiary to the Russian Federation Valeriu Pasat; date and place not given: "En Route to Genuine Partnership" — first paragraph is introduction]

[FBIS Translated Excerpt] Our Information: Valeriu Ion Pasat was born in 1958. He is a candidate of historical sciences, he graduated from Chisinau State University, completed postgraduate and doctoral studies at the Russian Academy of Sciences Institute of Russian History, and is also an alumnus of the Russian Federation Foreign Ministry Diplomatic Academy. He worked as a senior researcher at the Moldovan Communist Party Central Committee Institute of Sociopolitical Research and was chief of the Chisinau City Communist Party Committee's Ideology Department. He has been engaged in diplomatic work since 1991. He has served as Moldovan ambassador to Russia since August 1994. He is the author of numerous scholarly articles on the problems of building a national state and national relations and the book "Difficult Pages in Moldova's History 1940-1950." [passage omitted]

[ROSSIYSKIYE VESTI] How are relations between Chisinau and Tiraspol shaping up today?

[Pasat] Sometimes Moscow journalists cite the conflict in the Dniester region as an example of the violation of Russians' rights. In this regard, in order to avoid returning to this topic, I would like to say in all responsibility that we regard the conflict on the banks of the Dniester as having been political in nature. Tiraspol's wish to pretend that the Dniester region is the sole defender of Moldova's Russian-speaking population is far from the truth. First, because the majority of Russians and citizens of Moldova who mainly speak Russian live on the left bank of the Dniester, outside the Dniester region of the republic. Second, Moldovans, Russians, Ukrainians, and representatives of other nationalities took part in the combat operations in the spring and summer of 1992 on both sides. Third, the Dniester region's leaders presented their separatist movement as a reaction to the granting of state language status to Moldavian and to statements by leaders of the people's front about reunification with Romania. But the language problem for the whole territory of Moldova is being tackled in a fair manner, while the attitude to reunification with Romania was determined by a republic opinion poll in which 90 percent of those who participated voted in favor of an autonomous Moldovan state.

More than three years have now passed since the cessation of hostilities in the Dniester region. A great deal has been done during this time, specially during the last 18 months, to settle the Dniester region conflict. A joint statement by the opposing sides on the principles of a peace settlement was signed in April 1994 as a result of long and difficult negotiations. This agreement also bears the signatures of Russia and the Organization for Security and Cooperation in Europe [OSCE]. A plan relating to the Dniester region's status has been drawn up.

[ROSSIYSKIYE VESTI] Could you talk about this in a little more detail?

[Pasat] Under the plan the Dniester region obtains broad rights to autonomy within the unified republic of Moldova. Under the plan, the Dniester region is given the right to have its own local self-government bodies — a parliament and a government. Moreover, the Dniester region will have its own state symbols (flag, coat of arms) alongside the common national ones. Three state languages — Moldovan, Russian, and Ukrainian — will function in the Dniester region on equal terms. However, it is natural that, as in any other state, foreign policy, the army, finances and credit, customs, and the police should remain within the sole competence of the common state authorities of the Republic of Moldova.

The Tatarstan model of dispute resolution is widely known. Under it the Army, the Internal Forces, and finances are transferred to the competence of the federal government.

I can assure you that all the sociopolitical conditions necessary for a most rapid and conclusive resolution of the conflict have been created.

[ROSSIYSKIYE VESTI] Mr. Ambassador, everything that you say is pretty convincing. But what guarantees are there that all this will not be changed?

[Pasat] Everything is stipulated in the plan concerning the status of the Dniester region. One of the main points in the plan stresses that the Dniester region obtains the right to self-determination if the status of the Republic of Moldova as an independent state and a UN member changes. And I am still sure that the problem will be resolved by peaceful means, particularly as some experience in resolving similar complex issues in respect of Gagauzia has already been built up.

The elections of deputies to the legislative assembly and of the bashkan (head) of the autonomous formation were held there after the adoption of the Law "On the Juridical Status of Gagauz-Eri (Gagauzia)." Politicians who support constructive links with Chisinau came into the leadership as a result of those elections. A commission to assess the autonomous formation's economic state and the help which it needs to be given has been set up by the Moldovan government.

The Republic of Moldova leadership is promoting the expansion of economic ties between Gagauzia and the components of the Russian Federation in every way possible.

[ROSSIYSKIYE VESTI] Russian citizens are concerned about the fate of the former 14th Army, its personnel, military pensioners, military equipment....

[Pasat] For us this is also a very important and very difficult question. I would remind you that, under the agreement signed 21 October 1994, the withdrawal of troops was to proceed simultaneously with the political settlement of the Dniester region conflict. The Moldovan leadership has in the last two years put the maximum effort into tackling the Dniester region problem. It seems that the hullabaloo and acute, even unhealthy attention paid to the problem of the former 14th Army are gradually abating. This hullabaloo was to a large extent linked to the struggle surrounding the name of the former commander, General Lebed. I do not regard myself as entitled to make any political assessments of Gen. Lebed, but I do want to stress that his courage, energy, and resolve when commander of the army, particularly in stopping the theft of weapons from army depots, are recognized in Moldova.

A new stage in reforming the military contingent began with the change of commander of the group of Russian forces in the Dniester region. The ammunition which was long past its operational life and was dangerous to store or transport began to be destroyed with the agreement of the Moldovan side and the local administration. Unfortunately, many people in Russia still think that Russia's influence in the region is being substantially weakened with the withdrawal of the former 14th Army. I regard that as a contentious claim. The withdrawal of the troops presupposes first and foremost the settlement of contentious issues, which will ultimately afford Russia the opportunity to represent its economic and political interests in this important region in a more energetic way. Moldova's persistence on the question of the Russian contingent of troops is due in no way to a desire to limit Russia's influence in the region but to the need to comply with the Republic of Moldova's fundamental law — the Constitution — which stipulates the country's neutral status. Moldova regards with understanding the Russian public's concern over the former 14th Army and its personnel. The concern for the troops' future is above all concern for people's future. And the process of withdrawal will undoubtedly lead to a change in the prevailing way of life of many people. As of today around 6,000 Russian servicemen are stationed on the territory of Moldova. The Moldovan side considers it feasible to offer work to those officers who are ready to serve the Republic Of Moldova: Some servicemen will, of course, prefer retirement, while others — this is inevitable — will have to go to the new place of duty to which their units are withdrawn. Moldova is ready to share in the construction of accommodations for the troops who are withdrawn. We see no problems at all as regards questions of pension provision for former servicemen and their families. A special bilateral agreement exists on this score. Goodwill, real adherence to the principles of democracy, and respect between our countries are important, in my view. [passage omitted]

[ROSSIYSKIYE VESTI] Mr. Ambassador, you say that your country is developing good relations with your neighbors, including Romania. Could you comment, then, on the statements frequently made in the press by Romanian leaders who advocate that the consequences of the Molotov-Ribbentrop pact be eliminated — which is virtually tantamount today to making territorial claims on Moldova and Ukraine.

[Pasat] Okay, here I will reply briefly but officially — Moldova has no territorial claims on Romania. [passage omitted]

Political Issues

Yeltsin, Chernomyrdin Discuss Economic, Personnel Issues

LD1710170395 Moscow ITAR-TASS in English 1630 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — Russian President Boris Yeltsin met Prime Minister Viktor Chernomyrdin today.

Such meetings are traditionally held on Tuesday.

Yeltsin and Chernomyrdin discussed ways of perfecting the Russian government structures, social and economic problems, finance, as well as personnel problems, the Russian president's press service said.

Today, Yeltsin met in the Kremlin with a group of experts within the framework of the preparation for the president's planned visits to France and the United States. They discussed some aspects of the United Nations activity and its place in the world, and exchanged on matters that may crop up during meetings of the Russian President with the French president and the U.S. President.

Yeltsin Stresses 'Unique' Role of Udmurtia Within RF

LD1710191395 Moscow INTERFAX in English 1715 GMT 17 Oct 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] Russian President Boris Yeltsin at the signing ceremony of a power sharing deal with Udmurtia on Tuesday said the country withstood a test of strength remaining united and in one piece despite the difficulties of a transitional period.

He spoke of business as usual in building a new federation with Moscow's policy of devolving more power on the ground playing its role. Yeltsin said the fundamentals of this policy were laid down in the federal treaty and later in the new constitution. He believes power sharing deals is a follow up of the process.

He warned against fears that some regions might establish special relations with Moscow saying it was the task of responsible politicians to lay down in legal terms the status and specifics of each region. It is this approach, he believes, that will create additional guarantees for the observance of the common principles of a federal state and by definition, the guarantees of a strong multi-ethnic Russia.

Yeltsin said Russia was a versatile state and any attempt to try to trim them down equally was unacceptable. He described as unique and profound the role that Udmurtia was playing within the Russian Federation [RF]. He said Udmurtia was one of the main workshops of small firearms and its contribution to the development of Russian missiles and other weapons should not be underestimated.

Yeltsin pledged help to the republic's defense industry, now in recession.

On Udmurtian candidates running to the State Duma, Yeltsin said these could be genuine representatives of their republic who would not throw glasses at each other.

For his part, Udmurtia President Aleksandr Volkov described the latest deal with Moscow as being a contribution to the promotion of federal relations in Russia. He said President Yeltsin's federalist policy would help consolidate Russia and improve living standards.

Ten other agreements were also signed. These relate to environment protection, defense-related plants and the use of Udmurtia's forests as well as customs relations, the agro-industrial complex, law and order, state property and a relationship between the central and republican budgets.

However, the agreement on the ownership, use and disposal of Udmurtia's oil resources was not signed with Prime Ministers of Russia and Udmurtia Viktor Chernomyrdin and Pavel Vershinin saying this would be finalized in the near term.

Other officials taking part in the ceremony include Vice Speaker of the Federation Council Ramazan Abdulatipov, Vice Speaker of the State Duma Alevtina Fedulova, Kremlin Chief of Staff Sergey Filatov and Deputy Prime Minister Sergey Shakhray.

Yeltsin Authorizes More Gubernatorial Elections

LD1710174795 Moscow INTERFAX in English 1641 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX-Eurasia) — Russian President Boris Yeltsin has authorized gubernatorial elections in five more Russian regions, Sergey Samoylov, deputy head of the presidential administration's department in charge of work with regions and autonomies, told INTERFAX-Eurasia Tuesday.

He said that Yeltsin signed a decree on the issue Monday evening. The decree authorizes gubernatorial elections in the Primorye territory, Belgorod, Novosibirsk, Tver and Yaroslavl regions.

Earlier, gubernatorial elections were authorized in the Sverdlovsk and Nizhnyy Novgorod regions.

Yeltsin Seen Aiming To Bring Regional Heads Into Line

MK1710130495 Moscow KOMMERSANT-DAILY in Russian 12 Oct 95 p 3

[Report by Dmitriy Kamyshev: "If You Want Peace, Prepare for War"]

[FBIS Translated Text] The battle on the regional playing field, which was loudly announced by the president's September edict postponing elections in Federation components, continues. After listening condescendingly to criticism from his opponents, Boris Yeltsin fired another salvo: "On Measures To Ensure Interaction Between Federal State Power Agencies and State Power Agencies of Federation Components in Implementing Constitutional-Legal Reform in Russian Federation Components." The power of the new salvo could turn out to be so substantial that the majority of legislative fortifications erected by regional leaders to defend against the "diktat from the center" will be wiped out.

In spite of the elaborate name, the essence of the edict is extremely simple: Federation components are invited to bring their charters and laws fully in line with the Constitution and henceforth to proceed in their activity exclusively based on the provisions of the Fundamental Law. The president also recommended that regional authorities refrain from issuing their own normative enactments in this field pending promulgation of a federal law on the general organization principles for local power bodies. Yeltsin entrusted oversight over the legislative process in the regions to a special commission for liaison between federal state power agencies and power agencies in the Federation components.

The new document logically follows up on the recent edict postponing the elections. But whereas in September the president only asked the federation components kindly not to jump the gun in forming their power structures, now he indicated in no uncertain terms that he is ready to be "unkind" toward the most implacable regional leaders. Because decisions to hold elections to executive and representative bodies in the regions were made on the basis of local laws, which often seriously deviate from the Constitution, the legitimacy of such elections is seriously in question. And the absence of a federal law on the system of power bodies of federation components will allow Moscow a priori to consider all analogous local laws as failing to correspond to federal legislation. If the local authorities try to ignore "the president's last warning," the new commission will get down to work, called upon to identify troublemakers and punish them with all the harshness of the democratic reign.

Incidentally, the identification of dissenters has already begun, largely prompted by the president's military cunning. Having sustained a meaningful pause after his first edict, Yeltsin gave the regions a chance either to show their loyalty to the Kremlin and fulfill the recommendations on postponing elections or to reject them and thus show themselves up as oppositionists. The first option was preferred by the majority: According to Igor Zaramenskiy, the president's proxy in Yaroslavl Oblast, the edict has already been approved by 42 out of 55 krays and oblasts. Opposition on the part of those regions where the lawmakers decided to fight to the end was clearly no news for Moscow. At any rate, it would be simply unreasonable to expect unquestioning obedience to the center from the Kemerovo Duma, led by Aman Tuleyev, or the freedom-loving, Rossel-style Sverdlovsk parliament.

True, Moscow will probably find it even easier to fight outright oppositionists than their "moderate" associates: In a bid to make the most trouble for the hateful regime, the deputies usually forget about the legal substantiation of their far-reaching initiatives. For instance, the anti-Yeltsin fervor led the Kemerovo deputies to restore the Soviet of People's Deputies and the executive committee appointed by it (instead of the current administration), which naturally cannot possibly fit into the framework of federal legislation. Even the Constitutional Court, tired of criticism over its excessive politicization, will finally be able to unburden its heart, shattering self-styled regional laws to pieces with full legal justification.

True, it seems that in most cases things will not reach the court because Moscow has other — primarily financial — levers to make regional leaders toe the line. But if individual local bosses still take up all-round defensive positions in the hope that the necessary law will be adopted soon. the October salvo from the president's large-caliber guns is sure to be followed by other salvos — this time against individual, especially guilty "targets."

Government To Stabilize Dagestan-Azeri Border Region

LD1810093295 Moscow ITAR-TASS World Service in Russian 0856 GMT 18 Oct 95

[FBIS Translated Text] Moscow, 18 Oct (ITAR-TASS) — The Russian Government decided to adopt urgent measures to stabilize the sociopolitical and economic situation in regions of Dagestan (an autonomous republic within the Russian Federation) bordering on Azerbaijan. This is set out in a special resolution by the Russian Government, the text of which was received by ITAR-TASS today.

The resolution stipulates in particular that the Russian Interior Ministry must give "practical help" to the Government of the Republic of Dagestan in strengthening law and order and reducing crime in the southern border regions of Dagestan.

It also envisions allocating funds from the federal budget for the construction and reconstruction of industrial enterprises and public amenities in this region. It is also suggested that funds should be made available to finance housing construction by refugees, displaced persons, and other groups of the population lacking social protection.

The Russian Foreign Ministry, together with other interested departments, has been instructed to take measures to complete talks and conclude agreements with Baku on settling the problems arising from setting up installations on the border between Russia and Azerbaijan.

Cabinet Reshuffle Expected To Affect Low-Ranking Officials

MK1810111795 Moscow KOMMERSANT-DAILY in Russian 13 Oct 95 pp 1, 3

[Report by Vladislav Borodulin under the "Russian Government Meeting" rubric: "Premier To Ponder for Another Week Whom To Dismiss"]

[FBIS Translated Text] During the two hours of yesterday's cabinet meeting, which was devoted, among other things, to executive discipline in the government, the prime minister only once uttered the word "dismissal," dreaded by any bureaucrat. The premier has so far managed to restrain himself from drawing decisive conclusions regarding personnel matters, but this does not mean at all that tension no longer lurks in the house overlooking the Moscow River. It is not ruled out that in a week, by next Thursday [19 October], until which the premier postponed consideration of the question of executive discipline in government agencies, some of its residents might be fired.

Strictly speaking, the tense atmosphere in the audience was created by two items on yesterday's agenda — on the process of carrying out the president's message to the parliament, and on the executive discipline of government agencies in general. The degree of tension can be illustrated by the fact that right before the meeting rumors emerged that Petr Mostovoy, director of the Federal Bankruptcy Administration, had already been fired, and that Alfred Kokh, acting chairman of the State Property Committee, had tendered his resignation, but that the head of government had turned it down. This speculation turned out not to be true — both officials were present at the meeting and afterward they, as usual, engages in lively conversation with their colleagues in the hall. But still....

"The current consideration by the government of the state of implementing the presidential message and the government program for this year, in my view, gives no grounds for personnel changes, but after discussing the question of discipline in government agencies, such grounds may emerge," Deputy Economy Minister Sergey Vasilyev said at a news conference after the meeting. The premier, too, spoke about that during the meeting: "Vladimir Stepanovich (Babichev, government chief of staff — KOMMERSANT-DAILY), by the next meeting it is necessary to submit a detailed — with specific names — report on those who are breaching discipline. We must take the strictest possible measures, up to dismissal." Let us cite yet another quotation: "There is groaning all over Russia, it is impossible to meet with people, but they, you see, have no time to draw up documents. I have for some reason not seen anyone suffering from a hernia," was how the head of government commented on the zeal his subordinates have been displaying in drawing up various regulations.

So distinct a border between the two items — one gives grounds for practically massive layoffs, while the other does not — appears to be fairly artificial. The thing is that the quantitative indicators of government bureaucrats' laziness and sloppiness are approximately the same in both cases. For instance, government bureaucrats have officially failed to meet the plan for drawing up documents in furtherance of the presidential message by 8 percent. This is the worst indicator in the memo on government employees' discipline, which was prepared by the government staff. Moreover, the explanatory note states: "Realization of the key provisions of program documents in 1995 faces the threat of disruption." The indicators of the bureaucrats' diligence on the whole look much better. In particular, the government failed to carry out just 0.5 percent of all assignments provided for in presidential edicts "on economic reform." But the premier chose as a litmus test to search for candidates for dismissal precisely the "general" disciplinary question. Why?

There is no clear answer to the question — maybe the issue is the ambiguous phrasing of the second problem. But this is not that important. What is much more important is why on Earth the eternal problem of executive discipline of government agency employees has evolved into "grounds for personnel reshuffles?" The premier holds such meetings every year (or even several times a year), bangs on the table, yells, hardly restraining himself from using unprintable expressions — so what, such things do happen, but they are settled one way or another.

Of course, all this can be ascribed to the upcoming elections. Against the backdrop of, let's say, mixed economic performance, it is extremely advantageous for the government to emerge before the voters as a dynamic structure that has not lost its ability to renew itself. But the low effectiveness of this technique is just as evident — if things really go as far as dismissals, it is mid- and low-level bureaucrats, virtually unknown to the man in the street, who will be hit in the first place. Decisions on removals at the upper part of the hierarchical ladder are hardly based on the percentage of unfulfilled "assignments of Russian Federation President B.N. Yeltsin (marked "presidential"). By the way, it is the Economy and Finance Ministries that turned out to be most undisciplined. As before, these ministries top all the government's black lists: The Economy Ministry did not carry out 9 assignments that were to have been finished by 1 October (against the Finance Ministry's 5), while the Finance Ministry won the contest in the number of assignments carried out behind schedule (39 against the Economy Ministry's 34).

Still, the ratcheting up of tension over rumors of possible dismissals has been aided not only by frankly innocuous bureaucratic negligence. Russia is not Germany. Why should one be surprised by this? Looming as a sword of Damocles over many officials is the promise recently dropped by Sergey Belyayev that "personnel purges are bound to follow, including for reasons of corruption." But even in this case the government's top persons can feel relatively secure — for those same propaganda reasons the White House stands to gain absolutely nothing from letting the voter form a conviction that "if the bosses are like that, then all of them are bribetakers and thieves." Therefore, the government will demonstrate its ability to purge its ranks on lower-ranking bureaucrats — such as a deputy health minister, who is already under investigation on corruption charges.

Hence, the threat of dismissals is realistic only for mid-level officials. "Everything is really too serious, but no one will tell you anything now," was how a high-ranking ministry official commented on the situation. The utter secretiveness is attributable not only to traditions — the dismissals of "deputy chiefs" who belong to the teams of one high-ranking official or another, which make absolutely no sense from the propaganda point of view, may have a serious impact on the overall balance of forces between groups vying for dominance in the government. This is already a serious factor in the electoral struggle, for which reason showing one's cards early would simply be dangerous.

'Women of Russia' Head Assesses Spread of Poverty

MM1810102495 Moscow TRUD in Russian 17 Oct 95 p 3

[Interview with Yekaterina Lakhova, chairman of the "Women of Russia" Duma faction, by I. Arkhipov; place and date not given: "Is Poverty the Price of Stabilization?"]

[FBIS Translated Text] [Arkhipov] Yekaterina Filippovna, how do you, as a politician with a six-year record of parliamentary activity, rate the government's statements on socioeconomic stabilization?

[Lakhova] If we assess the government's activity on the dynamics of macroeconomic indicators, we can detect definite grounds for optimism, although claims of stabilization strike me as premature, to say the least. With the best will in the world, we will not notice any signs of success in the sphere of social policy. Official statistical data attest to a reduction in the real wages of the working population and in social payments and to an increase in the proportion of the population whose income is below the subsistence minimum.

Let me quote some specific figures that are of great concern to us deputies in the "Women of Russia" faction: This year the average wage has increased 140 percent, with inflation running at 180-190 percent. Constant delays over paying wages are today causing 10-15 million working people to suffer — which, taking the members of their families into account, means up to 30-40 million Russians. Employees in the budget-funded sphere are having a particularly hard time. In many parts of the Russian Federation now there are delays over paying pensions — which condemns many pensioners to a dire material position.

[Arkhipov] So it turns out, does it, that economic stabilization measures are not improving the situation of the ordinary working person?

[Lakhova] Indeed. Moreover, stabilization in its present form is largely being carried out by lowering people's living standards. The number of poor and needy people is continuing to grow. Many have been forced to economize on everything still more than before — above all, on buying food and necessities. The Economy Ministry is forecasting a reduction in retail commodity turnover in 1996 too.

In such a situation a person values every kopek. Women are constantly ringing and writing our faction, for example, from Moscow and all parts of Russia. They complain of constant delays over paying child allowances. The amounts are not particularly large, but for many they play no small role. Since 1 August 1995 the monthly allowance for a child up to the age of 16 has been 38,500 rubles [R]. But Moscow Oblast is still paying out just R14,300 for this allowance, based on a minimum wage of R20,500. On the other hand, not even this is being paid in many parts of Russia. The persistent debtors include Amur, Chita, Kurgan, and Voronezh Oblasts.

[Arkhipov] So does it turn out, Yekaterina Filippovna, that our state is the most undisciplined debtor? Is it possible to obtain satisfaction from it?

[Lakhova] The citizen really is regularly fined absolutely everywhere: for a delay in paying for municipal services, for the smallest violation of road traffic regulations, etc. Absurd situations arise very frequently. For example, the state itself does not pay wages, allowances, or pensions, and yet it fines those to whom it is in debt and who have been unable, through its fault, to pay rent or charges for municipal services on time. I would suggest extending such a mechanism for paying fines to those state structures that are responsible for timely wage and social payments.

[Arkhipov] Yekaterina Filippovna, the government has sent the Duma the draft federal budget for 1996. Does it make it possible to count on changes for the better?

[Lakhova] To all appearances, the government has no intention of seriously changing anything in the sphere of social policy. Unemployment is expected to increase to 6 million in 1996. The rate of increase in the minimum wage will manifestly continue to lag behind the price rise index. It is proposed to freeze the pension for working pensioners and to levy a new tax on incomes, i.e. effectively on wages, for small businesses which create jobs. I am afraid that the decline in many people's living standards will not stop.

[Arkhipov] The "Women of Russia" faction devotes a lot of attention to questions of social policy. What specifically have you achieved?

[Lakhova] What can a deputy realistically do? Make certain changes to the budget, draft a law, put a question to the government. We use these and other levers to influence the executive. In particular, we secured the allocation of money to fund child allowances and the "Russia's Children" federal program as a separate protected line in the 1995 federal budget. Additional funds were allocated on our initiative for the support of light industry and the textile industry and also for the construction of youth housing complexes. In recent weeks the faction has appealed repeatedly to the president and the government, drawing their attention to problems of pension provision, the position of working people in the budget-funded sphere, the timely payment of social benefits, etc.

The deputies of the "Women of Russia" faction intend to secure an amendment to the draft 1996 budget which will make it possible to substantially reduce the social costs of the reforms, so that poverty is no longer the reverse side of economic stabilization.

Panskov: Enterprises Owe R50 Trillion in Tax Debts

LD1710124595 Moscow INTERFAX in English 1103 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — The tax debt of Russian enterprises to the state budget has exceeded 50 trillion rubles [R], Russian Minister of Finance Vladimir Panskov told an extraordinary meeting of the Federation Council Tuesday. The upper parliament chamber was discussing the concept of the 1996 federal budget.

A major aspect of the budget concept submitted by the government is "better tax collection," said the minister. It is planned to ease the taxation burden, but the government will be tough with unscrupulous businessmen, said Panskov. For instance, the procedure of tax collection will be changed, and taxes will be levied at the time of goods dispatch instead of the time money is received in the enterprise's account.

The government is planning to cancel enterprises' right to reserve money for salary payment since January 1, 1996. This right will be an exception needing official permission, including that of heads of local administrations. The right to reserve money for payroll is now a major reason for non-payment of taxes, said Panskov.

Failure To Stop Terrorism Deplored in Wake of Hijacking

MM1710154095 Moscow KRASNAYA ZVEZDA in Russian 17 Oct 95 p 1

[Report by Petr Karapetyan: "Lone Terrorist Neutralized. How Many Special Services Are Needed To Beat Crime Completely?"]

[FBIS Translated Text] The operation to free the South Korean hostages seized by a terrorist in the center of Moscow was successfully completed on the night of 14-15 October. The terrorist was killed and the South Korean citizens did not receive so much as a scratch during the operation. The "Alfa" group that stormed the bus also avoided losses. It is relevant to recall that this is maybe the first case in the most recent history of combating domestic terrorism in which the special subunits have operated so efficiently. In the recent past there has been the storming of a helicopter on the outskirts of Makhachkala, the storming of another helicopter at Mineralnyye Vody Airport, and, of course, our common and open wound — Budennovsk. In all three cases the special subunits' actions provoked such a storm of criticism that, I confess, to my shame I thought at one time: Have we got any structures left capable of effectively countering increasingly audacious terrorists? At the end of the day can the state protect us from both lone terrorists and "Robin Hoods" and their merry men, who have sent some 150 completely innocent people into the next world?

The last case (one would like to believe that it is indeed the last) did not, alas, remove all questions but added to the headache. As far as the man in the street is concerned, this is precisely because he has again seen for himself that even outside the Kremlin walls his personal security is just words. What about the authorities? What else has to be done to make those above realize the seriousness of the threat of terrorism to Russia? What else does it take to make people understand that the fight against terrorism has nothing to do with the frisking which the police carry out every day and every hour at subway stations and on the streets of Moscow, checking bags and suitcases belonging to people of a certain nationality?

I am in no way belittling "Alfa's" feat — those people risked their lives and did their stuff. All credit to them! But let us note something else: Essentially they were up against a dilettante. A man who was unbalanced and who easily changed his demands, and consequently who was incapable of really dictating his will.... Nevertheless in a situation in which we are ready to applaud an operation brilliantly executed by the Russian special services, Yuriy Baturin, assistant to the president for national security, stated at a meeting with journalists: One in four groupings is being assisted by bribed officials. While 785 organized criminal groups were operating in our country in 1990, there are now several thousand. They control 40,000 enterprises and organizations of all forms of ownership. If this is not triumphant terrorism then what is?

Another thing. At the same time as we are reveling in the victory in Vasilyevskiy Spusk, in Chechnya, in Shalinskiy Rayon, which is ostensibly controlled by federal forces, Shamil Basayev is chairing a roundtable with a demonstration of radioactive containers, during which he states that they have already been delivered to Moscow....

I freely admit that this may be the case. I understand the chief of police, who is urging Muscovites to be vigilant. Evidently we will now shy away from people whom we see carrying baggage measuring 60 cm by 20 cm — this, it was explained to us, is what the ill-starred container could look like....

Of course we will be vigilant. Of course, when the opportunity arises let us tell whoever needs to be told that we just want to live in peace. Of course, we understand everything. Everything except one thing — why has Basayev, who is wanted, not been caught yet? Why is Dzhokhar Dudayev still at liberty? Why have other, no less notorious, terrorists not been very hard pressed by the law enforcement agencies? We can still tie up a lone terrorist and can even make a spectacle of it — not only the best police forces but even the winner of the Miss Russia contest was prepared to do battle with the creep.

But what if, tomorrow, it was Basayev?

What if, tomorrow, it was not a spectacle but a bloody massacre?

What if, tomorrow, it was not a bus or helicopter but a city?

It seems that Saturday's [14 October] incident in Vasilyevskiy Spusk is forcing all of us to think and think again about the scale of the calamity, to think in order to find a solution.

Bank Chief Hospitalized After Being Shot

LD1710172095 Moscow NTV in Russian
1600 GMT 17 Oct 95

[From the "Segodnya" newscast]

[FBIS Translated Text] The head of Mosstroybank, a major Russian bank, is in hospital with serious head wounds after being shot near his home in Moscow this morning.

Mosstroybank president Mikhail Zhuravlev was on his way to work when two shots were fired at him. His bodyguards, who were walking behind him, were unable to help him.

Constitutional Court Rules on Prisoners' Pensions

MK1710145295 Moscow NEZAVISIMAYA GAZETA in Russian 17 Oct 95 p 1

[K.K.-signed report: "Imprisoned Pensioners Satisfied"]

[FBIS Translated Text] Yesterday, the Russian Constitutional Court acted on complaints from pensioners Gennadiy Arderikhin, Georgiy Bobyrev, Nikolay Popkov, and Nikolay Kotsyubka, who were placed in confinement, for which reason they forfeited the right to draw the pensions due them. All other imprisoned pensioners have found themselves in a similar situation because social security agencies were guided by Article 124 of the RSFSR law "On State Pensions in the RSFSR," which ruled that "the payment of pensions shall be suspended for the duration of a pensioner's imprisonment in accordance with a court sentence." The Constitutional Court recognized this article as not being in keeping with the part of the Russian Federation Constitution that deals with old-age pensions. The question of whether it is expedient to suspend the payment of disability pensions to prison inmates "is subject to being resolved by the legislator, taking account of the special purpose and the essence of this type of pension." Presumably, the amendment that the members of the Russian Federation Federal Assembly ought to make to the pension law will make it possible to deduct from imprisoned persons' pensions their maintenance expenses, as well as the sums determined by the courts of law to make up for the material damage caused their victims. Instead of disability pensions, prisoners will have free meals and a roof over their heads.

Media Issues

Chernomyrdin: Government To Support State TV, Radio

LD1710182495 Moscow INTERFAX in English 1602 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — The Russian government "will not leave without attention" the state TV and radio broadcasting in Russia, Prime Minister Viktor Chernomyrdin said at a meeting of the directors of the national state-owned TV and radio companies today.

Chernomyrdin said the government was currently drafting a resolution to develop Russian President Boris Yeltsin's decree on developing TV broadcasting in Russia. "Probably, several documents will be needed to carry out all of the decree's provisions," he said.

Chernomyrdin said 94 state-owned Russian TV and radio companies had serious financial problems because of their insufficient funding from the federal budget. In particular, Russian TV and radio companies currently owe over 600 billion rubles to communications enterprises and 100 billion rubles to energy suppliers.

Chernomyrdin said the government would continue providing "possible support to state-owned TV and radio companies." He said "both the president and the government believe that TV and radio companies should retain the status of federal state organizations." "Nobody is going to shut regional state-owned TV and radio companies or reduce the number of their employees," he said.

Concerning the measures for liquidating the Ostankino TV and radio companies due to the creation of the Public Russian Television, Chernomyrdin said this involved "difficult social problems."

"Legislation provides for all necessary measures. The main task now is to protect and support people," he said.

With regard to pending parliamentary elections in December, Chernomyrdin stressed that the law on elections must be respected by TV and radio companies covering the election campaign. He said the decision to hold the elections "confirms the commitment of our state and president to the spirit of the Constitution."

Daily Uncovers Financial Abuses at 'Ostankino'

MM1610160795 Moscow SOVETSKAYA ROSSIYA in Russian 14 Oct 95 p 8

[Unattributed report: "How They Make a Mint Out of the Small Screen. Russian Federation Comptroller's Office Sums Up Results of A.N. Yakovlev's 'Reformism' at 'Ostankino' TV and Radio Company" — first paragraph is SOVETSKAYA ROSSIYA introduction]

[FBIS Translated Text] The State Duma Committee on Information Policy and Communications has ordered that the results of the check by the Russian Federation Comptroller's Office on the financial and economic activity of the "Ostankino" television and radio company be referred for examination to the Russian Federation Prosecutor's Office.

He Came, He Saw, He Inherited

The detailed report several times mentions the name of A.N. Yakovlev, who became head of the "Ostankino" Russian State Television and Radio Company under Yeltsin's edict of 22 December 1993. In fact the results of the check on the company's financial and economic activity draw a line under his short but turbulent and, as usual, extremely destructive time in his new role. The check covered the period from early 1994 through the end of the first quarter of 1995 and uncovered, as the report notes, "serious shortcomings in the use of budget funds, including hard currency." The leadership of "Ostankino" and ORT [Public Russian Television] are also accused of major failures in organizing commercial activity, unlawful laxity in the use of funds earmarked for capital investment, failing to fulfill their commitments to the budget, violations in forming the incorporation capital of the ORT closed joint-stock company, and so forth. As far as commercial activity is concerned, it first lacked controls, and second was directed toward a specific purpose — mostly the sale of airtime for advertising via middlemen. Calculations based on the minimum rates demonstrated that during the period of the check the company strangely failed to receive advertising fees of 115 billion rubles [R], or 62 percent of the due amount.

Nothing vanishes without trace. The meticulous inspectors indicate in their report precisely where the money missed out on by the state "melted away":

"The clearly understated cost per unit of advertising time allowed 'agents' to make a mint out of reselling it to advertisers and other commercial structures, some of them foreign. Furthermore, the company largely uses budget funds to pay for the services of the Russian Ministry of Communications enterprises ensuring the dissemination of advertising and the Television Technical Center."

Administration of Troubled Waters

The Comptroller's Office papers contain an interesting analysis of methods of administrative activity under A.N. Yakovlev's leadership. As is well known, Saltykov-Shchedrin's [19th century satirist] hero was sincerely convinced that the best administration is a lack of administration. It looks as though this was the ultimate goal of the numerous reorganizations based on the inspired proposals of the chief theoretician of Gorbachev's perestroyka, who received an opportunity to put some cherished ideas into practice. The Comptroller's Office testifies:

"Throughout the inspection period the company was subjected to organizational transformations, which resulted in the elimination of the only internal control organ — the control and auditing department.... During the period of these transformations in 1994 the number of company staffers was reduced by 922 and as of the start of 1995 was 4,296. As a result of the reductions the proportion of administrative and management personnel increased by 6 percent, the proportion of creative personnel was down 1.6 percent and the proportion of service personnel was down 3.8 percent. At the same time expenditure on wages went up from 11 percent of the company's allocated budget funds in 1994 to 19.4 percent in 1995. In violation of the statute on the 'Ostankino' Russian State Television and Radio Company...and the government decree...with the advent of A.N. Yakovlev the 19-member company board of directors (the collective organ determining the blueprint for the development of television and radio) ceased its activity and was abolished in October 1994, being replaced by a nine-member administrative council, which has not met once. From the dismissal of A.N. Yakovlev in March 1995 to the present neither the chairman nor even an acting chairman of the 'Ostankino' Russian State Television and Radio Company has been appointed. Only two members of the administrative council are left."

"You Scratch My Back and I'll Scratch Yours"

The most universal method of making a fortune out of the small screen was not especially original and was entirely consonant with the main principle of the shadow economy, which has now been adopted as a fundamental principle by the Russian "reformers": "You scratch my back and I'll scratch yours." In the context of the television and radio company consistent implementation of this principle was ensured by a clever ploy: The company's main activity was directed not toward making programs by its own resources, as was the case before the advent of A.N. Yakovlev, but toward purchasing them from commercial structures. This not only saved the administration worry and hassle, but opened up colossal opportunities to make money. The point is that in 1994 the cost of an hour's airtime using the company's own programs was under R9.3 million. But with purchased programs this indicator reached R125.8 million plus $2,200. At the start of the current year it cost between R9 million and R24 million to make a single program in-house, while the cost of a single purchased program varies between R49 million and $60,000. Was this wasteful? Yes, but the money came from the exchequer and, most importantly, the cofounders of the commercial structures from which programs were purchased were usually...people holding leading posts inside "Ostankino" itself!

From the Comptroller's Office report:

"Most television programs were purchased from a comparatively narrow range of TV companies — 'VID,' 'REN-TV,' 'ATV,' 'AMiK,' the 'Association To Promote the Development of Children's Television Ltd,' 'InterVID,' 'Video ART,' and others — whose cofounders are usually people who hold leading posts in components of the 'Ostankino' Russian State Television and Radio Company. The 'Experiment' studio, for instance, bought programs ('Topic,' 'Field of Miracles,' 'Peak Hour,' 'Politburo,' and others) mostly from the 'Telekompaniya VID' closed joint-stock company, whose founders include, besides A.M. Lyubimov, A.V. Politkovskiy, and others, the former director of this studio A.L. Razbash, currently deputy chairman of the programs working group (according to the chief accountant of the 'VID' television company, he later withdrew from the founders), and also from the 'Intervid' corporation, whose founders include the 'Telekompaniya VID' closed joint-stock company, A.M. Lyubimov, and others. The children's studio, with its staff of 144, purchased programs from the 'Association To Promote the Development of Children's Television Ltd' limited company, whose founders are V.G. Selennov, director of the studio, and his deputies V.T. Gladilin, L.I. Zaytseva, and M.N. Anisenko. And there are many such examples. As a rule, programs were bought from these private television companies at the highest prices. For instance, in January 1995 the program 'The White Parrot' was purchased at the cost of $35,000 for a single program, 'The "Field of Miracles" Capital Show' was purchased for $60,000, and 'Politburo' and 'Peak Hour' were purchased for $17,500 each...."

"You Can't Help Doing a Friend a Good Turn!"

The check by the Comptroller's Office revealed the television and radio company's partners who enjoyed most-favored commercial status. Thus in violation of the Russian Federation law "On the Mass Media" and the statute on licensing activity in the communications sphere in the Russian Federation, some of the airtime on channel one was granted in July 1994 to the "Global Media Systems" ("GMS") commercial television company, which has no licenses for television broadcasting and activity in the communications sphere. The most-favored status granted to this company extended so far that "the money (about $427,000) due to the 'Ostankino' Russian State Television and Radio Company from advertising during 'GMS' period of broadcasting and the dividends of 50 percent of its revenue were not received." Furthermore, the Comptroller's Office report notes, "the Ministry of Communications levied payment for communications services granted to 'GMS' not at commercial prices but at state prices." The company felt so favored by fortune that it thought it natural simply not to pay for the services it had received: "As of 1 April 'GMS' owed the Television Technical Center...$181,100."

The explanation of the truly boundless and global love shown by the "Ostankino" administration for "GMS" is extremely simple and prosaic. The Comptroller's Office voiced the following inevitable conjecture:

"This probably was possible because, in addition to Ye.V. Yakovlev, former chairman of the 'Ostankino' Russian State Television and Radio Company, A.A. Belyayev, president of the 'Democracy' fund, and V.N. Gorokhov and A.V. Sokolov, director and chief engineer of the Television Technical Center, the founders of 'GMS' included the son-in-law of the Russian minister of communications — O.N. Andreyev. The latter is at present also deputy general director of the 'ORT' closed joint-stock company."

Operation "Right, I'm Off!"

In a newspaper article it is simply impossible to list all the abuses uncovered at the television and radio corporation during A.N. Yakovlev's period as leader. But there is one more detail that is worth noting. As is well known, the fathers of Russian "democracy," who came to power on the crest of the wave of the demagogic "fight against privileges" campaign and accusations that the party nomenklatura was exploiting its official position for personal ends and in particular was fond of foreign travel at state expense, are themselves by no means models of personal modesty, to put it mildly. The Comptroller's Office attests that A.N. Yakovlev and other representatives of the "Ostankino" television and radio company "top brass" were eager to travel abroad at state expense and take their households with them and did not trouble to explain the official necessity for these travels. Here are a few illustrations of this:

"Company Chairman A.N. Yakovlev went to France in April on the topic of 'Urban Freedoms' and in February 1995 traveled to Portugal and France (with N.I. Yakovleva and A.A. Ignatyev, who do not work for the company) for the 'Fourth Session of the Independent Commission on Questions of Population and Living Standards.' In view of the absence of any advance report on the first trip or trip report it appeared impossible to establish the total expenditure on the trip and its expediency.... In violation of Russian Federation presidential edict 981 of 2 July G.I. Zolotov, who is not a staffer of the 'Ostankino' Russian State Television and Radio Company and is not mentioned in the travel authorization, traveled with A.N. Yakovlev to the United States 6 through 26 June 1994 for 'New Russian Initiatives.' G.I. Zolotov's travel expenses were $2,444. Senior personnel of the Russian Ministry of Finance traveled abroad at the company's expense. Travel costs for them so far discovered were 1,284 pounds sterling and 7,036 French francs."

"The Moment of Truth Has Not Yet Arrived"

The abuses uncovered by the Comptroller's Office are so glaring that even MOSKOVSKIY KOMSOMOLETS, a newspaper that is very sympathetic toward A.N. Yakovlev, published material about the sensational disclosures in its pages under the scathing headlines: "Easy Money, Dirty Tricks, Brilliant Swindlers." Indeed, the scale of the corruption is impressive even against the backdrop of the other similar records set by our exceedingly "democratic" times: The "GMS" swindle alone caused losses to the tune of R80 billion and $1.5 million. It is not often that SOVETSKAYA ROSSIYA has to express solidarity with the "democratic" press, but on this occasion we can only agree with MOSKOVSKIY KOMSOMOLETS' pessimistic conclusions: "No measures have been taken, and we would venture to claim that no measures will be taken"; "the moment of truth has not yet arrived" at "Ostankino." Changes leading to financial disclosures should be expected there no sooner than the end of the presidential elections at the very least." [no opening quotation mark as published]

There is no getting away from the truth! The current president, the well-informed Radio Liberty reports, familiarized himself with the results of the financial inspection by the Comptroller's Office. And he took no measures, unless you count the elimination of the "Ostankino" state television and radio company which competes with ORT. In complete accordance with the wishes of the still unsinkable A.N. Yakovlev.

Military Issues

Yeltsin Amends Statute on Exporting Military Arms

MM1710121595 Moscow ROSSIYSKAYA GAZETA in Russian 17 Oct 95 p 3

[Russian Federation Presidential Edict No. 1008 "On Russian Federation Military-Technical Cooperation With Foreign Countries," signed by Russian Federation President B. Yeltsin in the Kremlin, Moscow, on 5 October — from the "Documents" section]

[FBIS Translated Text] In view of improving further the Russian Federation's military-technical cooperation with foreign countries and stepping up state control in this sphere, I decree that:

1. Amendments are to be made to the Statute on Russian Federation Military-Technical Cooperation With Foreign Countries ratified by Russian Federation Presidential Edict No. 507 of 12 May 1992 "On Russian Federation Military-Technical Cooperation With Foreign Countries" and the new version ratified. (Footnote) (The Statute will be published in ROSSIYSKAYA GAZETA's "Departmental Supplement")

2. It is laid down that arms, military hardware, and military work (services) are to be exported (imported) solely by the "Rosvooruzheniye" State Company for the Export and Import of Arms and Military Hardware and by enterprises developing and manufacturing arms and military hardware which have also obtained the right to do so in accordance with the procedure laid down by the Russian Federation president.

The Russian Federation Ministry of Defense is authorized to provide foreign countries with services in training national military cadres and technical personnel.

3. Russian Federation Presidential Directive No. 818 of 24 December 1992 is ruled invalid.

4. The Russian Federation Government is to:

— formulate and submit for ratification within a month a statute regulating the procedure for enterprises developing and manufacturing military output to be given the right to take part in military-technical cooperation. The statute is to make provision for a mechanism for the Russian Federation State Committee for Military-Technical Policy to monitor the export (import) of arms and military hardware and also accountability for violations of the procedure governing the implementation of Russian Federation military-technical cooperation with foreign countries;

— make changes within two weeks to Russian Federation Government Directive No. 562 of 23 April 1994, which envisages depriving the "Aviaeksport" Joint-Stock Company of the right to conduct export-import operations involving dual-use aircraft purpose with special equipment enabling arms to be fitted;

— bring previous decisions on questions of Russian Federation military-technical cooperation with foreign countries into line with this edict.

5. The Russian Federation State Committee for Military-Technical Policy and the Russian Federation State Committee for Defense Sectors of Industry are to monitor the fulfillment of pledges in respect of the following previously concluded contracts:

— "Promeksport" foreign economic association — to supply arms and military hardware, carry out work, and provide military services;

— the "Aviaeksport" Joint-Stock Company — to supply dual-use aircraft with special equipment enabling arms to be fitted.

6. The Russian Federation Presidential State-Legal Administration is to submit proposals regarding changes to Russian Federation presidential decisions in connection with the entry into force of this edict.

7. The Russian Federation Ministry of Foreign Affairs and the Russian Federation Ministry of Foreign Economic Relations are to brief foreign states on this decision in accordance with prescribed procedure.

8. This edict comes into force on the day it is signed.

[Signed] Russian Federation President B. Yeltsin
[Dated] The Kremlin, Moscow, 5 October 1995
No. 1008

Defense, Interior Ministries Demand More Money in 1996

LD1710154595 Moscow INTERFAX in English 1347 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — Representatives of the Defense and Interior ministries on Tuesday at a special session of the Federation Council demanded more budget allocations than the amount currently envisioned by the government draft budget for 1996.

Deputy Defense Minister Konstantin Kobets said that the allocations planned by the 1996 draft budget "are not enough to provide housing for servicemen, to buy armaments ordered by the state or to adequately train personnel."

He described as "inadmissible and discrediting" the practice used by the Finance Ministry, or Minfin, for setting aside money on defense on the basis of relevant expenditures in the previous year. He demanded that Minfin earmark more money for the Defense Ministry in general and that it set aside separately funds for maintaining federal troops in Chechnya, as well as a separate amount of money for repaying the Defense Ministry's debt, estimated by the Defense Ministry at 5.4 trillion rubles.

Deputy Interior Minister Vladimir Strashko made a similar demand. He said that the Ministry needs additional allocations for maintaining interior troops in Chechnya, for the improvement of the system of corrective labor camps and for other needs.

Commenting on the statements by the Defense and Interior ministries' representatives, Vyacheslav Lyubimov, member of the Federation Council, said that "if the government department criticizes the government draft budget and there are disagreements within the Cabinet on the money distribution, there is no point in debating the submitted document."

Federal Assembly

Kokoshin Remarks on Defense Spending to Council

MM1710124495 Moscow KRASNAYA ZVEZDA in Russian 17 Oct 95 p 1

[Unattributed report under the "Own Information" rubric: "Andrey Kokoshin: Expenditure on Defense Must Be Increased"]

[FBIS Translated Text] On 16 October Andrey Kokoshin, Russian Federation first deputy defense minister, addressed a conference discussing the draft Federal Law on the 1996 Federal Budget in the Federation Council. He stated the need to increase expenditure on defense in 1996 and stressed the need for full financial provision for defense needs this year, including by means of a certain increase in this year's expenditure through the adoption of a relevant law.

The decision recently adopted by the government on the full funding of purchases of weapons, military hardware, and military research and development in accordance with the Law on the 1995 Budget requires resolute — even tough — action on the government's part to implement it, Kokoshin noted.

Boosting the Armed Forces' level of technical equipment and questions of financial provision for combat training and the repair and modernization of hardware, as well as its operation, require special attention. It is only thanks to the unbelievable efforts of our native science and industry that a number of state-of-the-art models of aviation equipment, antiaircraft missile systems, air-launched missiles, and so on have emerged in Russia in recent times. However, these achievements cannot be consolidated without increasing the relevant allocations.

In his address Andrey Kokoshin emphasized the need to adopt at legislative level clear-cut parameters for military expenditure over a five-to-seven year period. Without this it is impossible to develop either a weapons program or plans for the organizational development of the Armed Forces as a whole. The Ministry of Defense has proposed to set defense expenditure in this period at 5.3-6 percent of GDP. This proposal is currently being examined by the government and the State Duma.

But in the draft budget being proposed today, defense expenditure is planned to constitute 3.76 percent of GDP.

Federation Council Hears of Agricultural Decline

LD1710193495 Moscow ITAR-TASS in English 1844 GMT 17 Oct 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — "Society is now giving less attention to the agro-industrial complex, which is expressed in cutting its financing," Vyacheslav Zvolinskiy, Chairman of the Federation Council Committee for the Agrarian Policy, said on Tuesday at a meeting of the Federation Council discussing the 1996 draft budget.

More than 30 per cent of branches of the country's industry are linked with agrarian production. The consumer market is formed to over 70 per cent of food produce and goods manufactures form agricultural raw materials, Zvolinskiy said.

However, as a result of the government policy gross agricultural output in enterprises of all kinds dropped last year by 28 per cent as compared with indexes for 1986-1990. The output of agricultural enterprises decreased by 45 per cent. The decline continued this year. The draft budget for next year does not envisage the necessary investment to remedy the situation in the agrarian sector, Zvolinskiy said.

Proposals to increase spending on the needs of other branches, including defence production, the social area, science, education, health services were made in speeches of chiefs of other committees of the Federation Council. Summing up deputies' proposals, Nikolay Gonchar, the Chairman of the Budget Committee, said that at the initial stage of debating the draft budget "it is important to define expenditures, revenues and ways of covering the budget deficit."

The discussion of the government document indicates that deputies do not agree on any of these sections. They believe the budget is being based on "deliberately undervalued rates of inflation growth, which can lead to serious miscalculations in estimating the revenues, and also to the aggravation of the overall economic situation in the country."

Vladimir Panskov, the Finance Minister, agreed that "the draft budget is far from perfect, although the government tried to take into account the drawbacks of the 1995 budget." "The Cabinet of Ministers had difficulty giving acceptable answers to some questions," he said. Panskov urged deputies for jointly refining the draft budget.

Draft Budget Attacked in Federation Council

LD1710193295 Moscow ITAR-TASS in English 1857 GMT 17 Oct 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — The Russian Federation Council, the upper house of parliament, met in an extraordinary plenary today to discuss the 1996 draft budget, with 14 items put on the agenda in a preliminary hearing.

However, a flood of proposals and criticism has not yielded any resolutions.

Deputies commissioned the budget committee to draft the Federation Council's draft resolution on the budget to be passed at the regular session next week.

A conciliatory commission is to handle the budget resolution if the State Duma, the lower house of parliament, rejects it on a first reading.

The Federation Council thinks that government members and officials of the Central Bank of Russia should be placed on the commission together with deputies.

Summing up today's session, Federation Council speaker Vladimir Shumeyko said the government's version of the budget did not adequately reflect the principle of budgetary federalism.

This principle is of major importance for Russia's component states, of whose interests the upper house is a mouthpiece, Shumeiko said.

Budget Committee Chairman Nikolay Gonchar told ITAR-TASS that the Federation Council's disagreement with the government's draft "does not mean confrontation."

He said the house only wanted to polish the crucially important document to help it pass through the parliament before the start of the new year, without the long stalling of the last year.

Duma Refuses To Approve Key Budget Figures

LD1810100495 Moscow ITAR-TASS in English 0954 GMT 18 Oct 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW October 18 (ITAR-TASS) — The Russian State Duma refused to approve the key 1996 budget figures on Wednesday and urged the government to increase the envisaged monthly inflation rate and forecast revenues.

129 lawmakers voted to pass the draft budget under the first reading, while 138 opposed and one refrained. 226 votes were necessary for the approval.

The Duma decided to send the draft budget to a reconciliatory government-legislative commission to agree on the key figures and also passed a resolution urging the government "to revise the key figures of the draft 1996 budget taking into account the real inflation rate and an increase in the level of income collection".

The government proposed a 1.2 per cent monthly inflation rate, while legislators believe the achievable figure is from 3 to 5 per cent.

This September Russian inflation rate was the lowest at 4.5 per cent, however well-above the budget-fixed figures.

The 1996 draft budget envisages a deficit of 3.9 per cent of the Gross Domestic Product. Expenses would be 410.8 trillion roubles (74.6 billion USD), revenues — 329 trillion roubles (59.8 billion dollars, leaving a deficit of 81.8 trillion roubles (14.8 billion dollars) at 5,500 roubles per dollar average exchange rate compared to 4,500 at present.

The biggest appropriations of 79 trillion roubles (14.3 billion dollars) go to defence, however the military reportedly claim 111 trillion roubles.

Also on Wednesday the Duma passed the budget of the Pension fund which is now to be approved by the upper house. Revenues are planned at 92 trillion roubles (16.7 billion dollars), expenses at 89.8 trillion roubles (16.3 billion dollars) with a balance of 2.2 trillion roubles (400 million dollars) in the black.

Duma Fails To Agree To Refer Back Budget Draft

MM1710135295 Moscow IZVESTIYA (Financial Section) in Russian 17 Oct 95 p 1

[Report by Yevgeniya Pismennaya and Yelena Fedorova: "The Forecast of Growth in Prices and the 1996 Draft Budget Will Be Revised"]

[FBIS Translated Text] Addressing State Duma deputies at the hearings on the 1996 draft budget, Prime Minister Chernomyrdin stated that the draft is not dogma, that it can and must be worked with. The government is ready to make compromises. Viktor Chernomyrdin described the government's view of the economic situation. The beginning of financial stabilization in the country is the main achievement, in his opinion.

Mikhail Zadornov, chairman of the Committee for the Budget, Banks, Taxes, and Finances, does not regard the economic situation so optimistically. He thinks that financial stabilization is being achieved only by slashing expenditure on all the basic budget items. In 1994 total federal budget expenditure represented 22.5 percent of GDP; this year the government expects it to be a little over 17 percent of GDP.

Real state income has fallen by 5 percent. Only 30 percent of investment has been financed to date this year. Tax arrears have reached around 30 trillion rubles [R]. Not only have last year's budget loans (R2.5 trillion) not been repaid yet, but more than R5 trillions' worth of budget loans have additionally been granted. Expenditure on the Chechnya restoration program is being carried out by authorized banks underwritten by Ministry of Finance guarantees. The State Duma has not yet seen a single official document concerning the financing of Chechnya.

President Yeltsin brought the arguments over the 1996 inflation forecast to an end by pointing out that the government must revise on a more realistic basis.

It was also pointed out in the recommendations of the conference of Federation Council deputies on the draft Federal Law "On the Federal Budget for 1996" that the government's inflation forecast employs patently understated growth rates for inflation which are more what it wants them to be than what they actually are.

Both the Federation Council and the State Duma reject the government-proposed changes to tax legislation as unnecessary. These changes are designed to increase budget revenue by R31.5 trillion, but many of them cannot be regarded as economically advisable.

The majority of speeches by representatives of the State Duma's factions and committees proposed that the budget be referred to the conciliation commission without rejecting it on the first reading. The speakers stressed their readiness to adopt the budget before the end of the year.

However, the State Duma was unable to make any decision whatsoever on 13 October. Neither the budget committee's draft resolution to refer the draft law on the 1996 federal budget to the conciliation commission for the basic budget indicators to be refined nor the Yabloko faction's proposal to turn down the 1996 draft budget on its first reading and then refer it to the conciliation commission was adopted.

Yeltsin's Choice of New Prosecutor Applauded

LD1710213995 Moscow ITAR-TASS in English 2134 GMT 17 Oct 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, October 18 (ITAR-TASS) — Influential Duma deputies of various political orientation believe Russian President Boris Yeltsin made the right choice when he suggested the candidature of Doctor of Law, Professor Yuriy Skuratov as Russian Prosecutor-General. As is known, the president sent on Monday the official message to the Federation Council suggesting that Skuratov be appointed to the post.

Here are the assessments of deputies interviewed by ITAR-TASS:

Boris Zolotukhin: "Many jurists, myself included, believe that the post of Prosecutor-General is a political post in Russia. Therefore I welcome the appointment to this post of the scientist who had no political preferences, being chief of the Institute on problems of consolidating legality at the Prosecutor-General's office.

"When Aleksey Ilyushenko was dismissed, I said in the media that I would like the post of Prosecutor-General to be filled by a person from the world of science who would also have a definite view on justice. I believe Skuratov is just such a man."

Vyacheslav Nikonov: "I believe Yuriy Skuratov is the best choice the president could make. I have been acquainted with Skuratov for many years. We worked together in Vadim Bakatin's office when Skuratov was his adviser and I his assistant. Skuratov is a man of formidable erudition, broad knowledge in the realm of law and, what is of no little importance for the position of Prosecutor-General, a man of exceptional integrity. He has never been involved in any shady dealings.

"Skuratov has vast practical experience, also in the area of consolidating law as member of the collegium of the Prosecutor-General's Office. I believe Yeltsin is right in his presentation to the Federation Council when he asserts that Skuratov's knowledge as scientist with the experience of work in high posts creates good conditions for decisive and well-considered approach to the strengthening of the role of the Prosecutor-General's Office."

Vasiliy Lipitskiy: "As a politician, I believe the president has made a very good choice. Yuriy Skuratov is a high professional, a man of faultless moral qualities and a true intellectual.

"I worked together with Skuratov and I could always rely on his judgement on legal matters and experience in dealing with them. In the recent years he made remarkable contribution to working out legislation on the Prosecutor's Office, and now he has an opportunity to translate this into life.

"Skuratov's rich practical experience warrants hoping for changes for the better in the work of the entire system of the Prosecutor's Office toward wiping out crime."

Rybkin Expects New Parliament To Be More Left-Wing

LD1710161895 Moscow INTERFAX in English
1347 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — The new parliament will be more left-wing than the present one, said State Duma speaker Ivan Rybkin answering questions from local news media. The speaker believes that "left-centrist" democrats will have better chances for success, if in their choice the voters "use their commonsense and show cautiousness."

"We have broken and ruined much, while we should have acted without haste, gradually dismantling old structures and making replacements in the state, in the economy, in politics, ensuring succession," he said.

The Ivan Rybkin Bloc, led by him, has already formed "a shadow Cabinet of top professionals," he said.

"The past cannot be reversed, of course, but we should be sure of tomorrow again and use all means to return to our social gains," said Rybkin.

Regional Affairs

Chechnya Reportage; Negotiations, Military, Terrorism

Yarikhanov Halts Commission Meetings

LD1810143895 Moscow INTERFAX in English
1425 GMT 18 Oct 95

[FBIS Transcribed Text] GROZNYY, Oct 18 (INTERFAX) — There is no discussion on resuming the Special Observer Commission's activities in Chechnya yet, head of the Dudayev delegation to the settlement talks Khozh-Akhmed Yarikhanov told INTERFAX Wednesday [18 October].

The Chechen side plans to wait for the results of an investigation started by the Military Prosecutor's Office in connection with the bombing of the Roshni-Chu settlement on October 7, he said. Yarikhanov called for Russian guarantees of no more federal bombing or shelling of Chechen settlements.

"I told the Russian side today: Even if we resume the work of the Special Observer Commission it will last only till the first bombing," noted Yarikhanov.

A meeting of Commission experts was held in Groznyy today only to discuss a possible location for the Dudayev camp's headquarters. The Russian side urges a location outside Groznyy.

Yarikhanov confirmed the Dudayev camp's stand that their residence and the Special Observer Commission meeting site must be in Groznyy.

Yarikhanov indicated that these locations have not been coordinated. However, he spoke against the view that further Commission activities depend on location of the Dudayev representatives.

Yarikhanov thinks that people trying to force the Commission outside Groznyy want to discredit it and make it a secondary body. He said the Commission is tackling the main problem of today: fulfillment of the military agreement signed on July 30.

Volskiy: 'Settlements Have Been Bombed'

LD1710192095 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian
1830 GMT 17 Oct 95

[FBIS Translated Text] "Chechen settlements have been bombed — that is a fact, not just according to Udugov, but the OSCE [Organization for Security and Cooperation in Europe] mission has visited these settlements. I have seen the photographs," Arkadiy Volskiy, deputy head of the Russian delegation at the talks in Chechnya, told Moscow Echo radio station. "The large scale of destruction, the killed and wounded — everything indicates that targeted bombings were carried out against military targets, although many civilians suffered."

According to Arkadiy Volskiy, if the Russian Armed Forces refuse to admit that the bombing was carried out by Russian Federation aircraft, "if aircraft belonging to some foreign states fly over our Russian Federation territory, then it is incomprehensible what sort of forces guard us, and what our air defense is worth. It is becoming positively frightening."

Shkirko Denies Russian Aircraft at Roshni-Chu

LD1710175895 Moscow NTV in Russian 1600 GMT 17 Oct 95

[Video report by unidentified correspondent, including recorded comments by Lieutenant-General Anatoliy Shkirko, commander of the Federal Troops in Chechnya; from the "Segodnya" newscast]

[FBIS Translated Excerpt] [passage omitted] [Correspondent] It is still not known how many people died in Dargo. The numbers that can be quoted are unlikely to be correct, but people have been injured and killed, and bodies are still being sought. The question of who is to blame for what happened will evidently not be answered yet, just the same as it was with the village of Roshni-Chu, which was bombed a week earlier.

[Shkirko] So, we have no fresh new information about the aircraft that, according to the information from the Chechen side, carried out strikes in the Roshni-Chu area and other areas there. According to reports from the military air commanders, not a single Russian Federation aircraft took off from the airfields under their control to carry out strikes. Furthermore, they have announced this officially and are ready to confirm it in writing.

A criminal case has been opened in respect of the air raid on Roshni-Chu. The investigation is being carried out by the military prosecutor. [passage omitted]

Chechens Swear Revenge for Bombing

LD1810110395 Moscow Radiostantsiya Ekho Moskvy in Russian 0900 GMT 18 Oct 95

[FBIS Translated Text] The Russian military procurator's office has instituted a criminal case on the bombing of Roshni-Chu village, where over 30 civilians were killed.

Movladi Udugov, Dudayev's press representative, noted that Chechens believe the commander in chief of the Russian Air Force is to blame for the air raid.

[Begin Udugov recording] On the demand of the inhabitants of the village of Roshni-Chu, the military tribunal of the Chechen Republic has been instructed to start a special investigation of the activities of General Deynekin, commander of the Russian Air Force. He is accused of a mass killing of civilians. And I am afraid that spontaneous meetings of citizens, relatives of the killed people, are taking place already, and these people are formally announcing that they will take revenge on the general, his family, and his offspring. I think the only thing Deynekin has managed to do is to make the whole Chechen people his enemy. [end recording]

Avturkhanov Warns Against Detaining Dudayev

LD1810144395 Moscow INTERFAX in English 1426 GMT 18 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 18 (INTERFAX) — Russian forces are unable to isolate either Dzhokhar Dudayev or Shamil Basayev, a Chechen high-ranking official said.

In an interview with INTERFAX on Wednesday, Umar Avturkhanov, Chairman of the Chechen National Accord Committee, said Dudayev could have been "destroyed some time ago" when he was staying in the village of Roshni-Chu, but at that time the sides were involved in negotiations on peace settlement and military issues.

Where Dudayev had been staying before that remains a mystery to everyone because he "was rushing back and forth across the republic like an old wolf and it was impossible to detect him," he said.

Avturkhanov claims that Dudayev and Basayev have "very tight security," and are backed up by desperate militants "who have nothing to lose" and "criminal financial elements" which need Dudayev as a "banner and symbol."

He warned that all attempts to detain him would result in massive casualties.

At the same time, he denied allegations that the "federal authorities connive with Dudayev and Basayev."

Avturkhanov also said that peace talks between the Chechen side and the Russian authorities started in the summer "were conducted in the wrong way." Russian troops were "influenced by numerous statements about peace talks and just didn't know how to act when militants appeared, including Basayev and other criminal elements," he noted. "They did not receive any clear orders," he added.

Avturkhanov believes that Basayev's threats to carry out terrorist acts involving nuclear weapons are nothing but a bluff. At the same time, he did not rule out the possibility of "usual and even serious terrorist acts on his part."

Militants Sealed Off in Achkhoy-Martan

LD1810114895 Moscow ITAR-TASS in English 1129 GMT 18 Oct 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] MOSCOW October 18 (ITAR-TASS) — The situation in the Chechen district centre of Achkhoy-Martan, about 40 km south-west of Groznyy, remains complex. A rather large group of Dudayev militants has concentrated there and are unwilling to comply with the demands of the Command of the Combined Group of Federal forces in Chechnya to turn in weapons and withdraw from the township, Salambek Khadzhiyev, Head of the National Revival Government of Chechnya, told ITAR-TASS here on Wednesday.

Khadzhiyev recalled that the militants entered the township and occupied the District Enlistment Office about two months ago, hindering the functioning of the district administration of the National Revival Government, the Department of Internal Affairs and the District Prosecutor's Office.

The situation in Achkhoy-Martan was further aggravated by the seizure of an officer of Russian Interior-Ministry troops by the militants, Khadzhiyev said. Following that, the township was completely sealed off by units of Federal forces that urged the militants to remove their posts on the approaches to Achkhoy-Martan. In view of the militants' failure to meet the demands, Federal units fire on the populated area. The firing also affects civilians, Khadzhiyev said.

The Head of the National Revival Government of Chechnya expressed hope that the situation would be eased through negotiations and without the use of force.

Leaders Cited at News Conference

LD1710222495 Moscow Russian Television Network in Russian 2000 GMT 17 Oct 95

[From the "Vesti" newscast]

[FBIS Translated Text] A meeting between Viktor Chernomyrdin and Avturkhanov, Chairman of the Committee of National Salvation of Chechnya, and Khadzhiyev, chairman of the republic's Government of National Revival, ended about two hours ago. Judging by everything, the talks were not simple. The news conference held by the Chechen representatives began after a two-hour delay.

[Correspondent R. Babayan — identified by caption] The journalists who were waiting have been told that the meeting will be delayed because Avturkhanov and Khadzhiyev are having a meeting with Russian Prime Minister Viktor Chernomyrdin. And naturally the first question asked at the news conference was about which subjects were discussed at this meeting.

[Begin recording] [Avturkhanov] No questions were set, no tasks were set which should be implemented in future, or so on. We had a simple, ordinary and businesslike conversation. We discussed what should be done and what has been done. How much money is needed; how much has been allocated and how much money is left; 2.6 trillion rubles [R] are left. We said that this money should be sent precisely for the republic. [end recording]

[Babayan] According to Salambek Khadzhiyev, in fact R340 billion has been paid to the accounts of the government of Chechnya. I can account for every ruble, he stressed. At present using this money the extraction of oil is being restored and the movement of freight and passenger trains have been fully resumed in the republic, Khadzhiyev stated. And the most important thing to his opinion, is that it has become possible finally to pay off pensions of nearly all pensioners who are living in Chechnya, including debts for 1993.

[Begin recording] [Khadzhiyev] No other money has been paid into the accounts of the Government of National Revival of Chechnya. This is my answer about those trillions which we are not receiving and not using. [end recording]

[Babayan] Later, the forthcoming elections and the current situation in Chechnya were discussed. Avturkhanov and Khadzhiyev consider that it is necessary that these two issues should be considered exclusively together. They said that honest elections are impossible in the republic where the situation is unstable; and dishonest elections will lead to a sharp aggravation of the situation. Here journalists noted that many people consider bodies led by Avturkhanov and Khadzhiyev in the present Chechnya as illegal. Umar Avturkhanov answered this question for the two.

[Begin recording] [Avturkhanov] I think that we were not brought here by Russian bayonets and we are not Russian puppets. No one will remove us or put us outside of Russia. [end recording]

Maskhadov: Only SOC Can Control Republic

LD1710175295 Moscow ITAR-TASS in English 1715 GMT 17 Oct 95

[By Nikolay Zagnoyko]

[FBIS Transcribed Text] GROZNYY, October 17 (ITAR-TASS) — Chechen military commander Aslan Maskhadov on Tuesday said that the Special Observer Commission [SOC], a special joint body established to monitor the implementation of the June 30 military accord, alone can take under control the situation in the rebel republic.

"The Special Observer Commission is the only body able to take under its control the situation in the Chechen Republic. It is beyond capacities of (leaders of the Moscow-backed government Salambek) Kadzhiyev and (Umar) Avturkhanov," Maskhadov told ITAR-TASS.

According to Vladimir Zorin, deputy head of the federal administration in Chechnya, he discussed on Tuesday possibilities of the resumption of the commission's work with Maskhadov and chief international mediator Sandor Meszaros. The consultations took place in the OSCE mission in Groznyy.

Zorin said that all participants in the consultations expressed their will to follow the path of peaceful settlement of the Chechen conflict. He added that the sides have not determined a future location of the commission.

Apparently it will be a settlement outside the Chechen capital since the situation is tense there and provocations cannot be excluded. However, according to Zorin "it does not matter where we meet. What really matters, is the result of such meetings."

The OSCE suspended its work last week after an assassination attempt against commander of federal troops in Chechnya Anatoliy Romanov. The general is still in a deep coma in the Moscow Burdenko military hospital.

Vyacheslav Mikhaylov, Russia's top negotiator at the Groznyy peace talks, said on Monday that the commission is likely to resume work "in the near future."

"We say now (to Chechens), start working to fulfill the schedule (of disarmament) and the peace process will go on," he said.

TASS learnt that Mikhaylov and another Russian negotiator, Arkadiy Volskiy, were planning to leave for Moscow tonight for consultations on the resumption of peace talks.

Shkirko Confirmed as Commission Cochair

LD1710132195 Moscow ITAR-TASS World Service in Russian 1108 GMT 17 Oct 95

[By ITAR-TASS special correspondent Nikolay Zagnoyko]

[FBIS Translated Text] Groznyy, 17 Oct (ITAR-TASS) — Answering questions from journalists at a news conference in Groznyy today, Lieutenant-General Anatoliy Shkirko, commander of the joint group of federal forces in Chechnya, said that he is to be cochairman of the Special Supervisory Commission monitoring compliance with the agreement on a package of military issues in Chechnya. Anatoliy Shkirko emphasized that he will continue the work done by Lt-Gen Anatoliy Romanov, since that is the position taken by the president and the Government of Russia.

Anatoliy Shkirko admitted that he experienced some doubts of an ethical nature about his appointment as cochairman of the Special Supervisory Commission but said that the decision follows from a precise stipulation in the agreement on a package of military issues that the commission should be cochaired on the Russian side by the commander of the joint group of federal forces in Chechnya.

Answering a question about the Chechen side's reaction to his appointment as commander of the joint group of federal forces in Chechnya, Gen Shkirko said that he does not know what the reaction is, but for his own part he will strive to keep the dialogue going and point the peace talks in a practical direction, and while maintaining consultations will get down to implementing all the accords enshrined in the 30 July agreement.

"The resumption of talks on a peace settlement depends on the willingness of the Chechen side," the commander said. But he stressed that meetings are continuing to take place on a working basis. Specifically, there was one such meeting on Monday, with the Russian side represented by Gen Vlasenkov. Tactical matters and plans for further action are being discussed.

Asked his attitude to the events in the village of Roshni-Chu, Anatoliy Shkirko replied: "The situation needs detailed investigation; the military prosecutor's office is holding an inquiry. An inquiry team left yesterday for the scene of the events and is now working on the spot."

Russian Delegation Members 'Ready To Resign'

LD1810054495 Moscow Radiostantsiya Ekho Moskvy in Russian 0001 GMT 18 Oct 95

[FBIS Translated Text] Members of the Russian Government delegation in Chechnya are ready to resign. As we were told by Arkadiy Volskiy, deputy head of the delegation, they are indignant at the Russian military denying that it was privy to the latest bombings in Chechnya.

Volskiy Receives Death Threats

LD1810092495 Moscow ITAR-TASS in English 0854 GMT 18 Oct 95

[By Vitaliy Makarchev]

[FBIS Transcribed Text] LONDON October 18 (ITAR-TASS) — A top Russian peace negotiator in Chechnya received intimidation telephone calls from unidentified Chechens who threatened to kill him, according to his election comrade-in-arms. [sentence as received]

Arkadiy Volskiy, who was man No. 2 at Chechen peace talks which resulted in a military agreement in summer, "had to change all his telephone numbers, other means of communication, and mount security several days ago because he received a threat from an unknown group of Chechens that he would become the next assassination victim", Vladimir Scherbakov told TASS Wednesday.

In Chechnya assassination attempts were staged on presidential envoy Oleg Lobov, who escaped unharmed, and on federal troops commander Anatoly Romanov, who is still in coma in a Moscow hospital.

Scherbakov, who heads the "Labour Union" election bloc, in which Volsky is No. 3 man, arrived in London for political consultations with Conservative party representatives.

He stressed that Federal Security Service officers, several participants in peace talks in Groznyy and other independent sources confirmed that the assassination attempt was indeed planned.

Volskiy heads the group for conflict settlement in the Public council at the Russian president. Scherbakov said he often flies to the Chechen capital for consultations on the peace settlement.

Further on Chechen Delegation Move

LD1710170695 Moscow INTERFAX in English 1641 GMT 17 Oct 95

[FBIS Transcribed Text] GROZNYY, Oct 17 (INTERFAX) — Russian and Chechen negotiators failed to agree on accommodations for the pro-Dudayev delegation to bilateral peace talks Tuesday.

The Special Supervising Commission met in the OSCE mission in Groznyy to discuss this and other issues this afternoon. The first assistant head of Russian civil administration in Chechnya, Vladimir Zorin, attended the meeting from the Russian side. Chief of Staff of rebel forces Aslan Maskhadov represented pro-Dudayev rebels. OSCE Mission Head Sandor Meszaros was also present at the meeting.

Both sides remained on their initial positions, INTERFAX learned. Russia insists on the location of Chechen negotiators being outside of Groznyy, while pro-Dudayev rebels demand their representatives in the Special Supervising Commission and the peace talks be based only in the Chechen capital.

Meszaros told journalists after the meeting that he hoped that the issue will be solved very soon. Several possible locations are under consideration. However, he declined once again to name them.

Meszaros said the commission will meet at 10 a.m. Wednesday [18 October] to discuss the same issue.

Opinions Vary on State of Emergency

LD1710202795 Moscow INTERFAX in English 1852 GMT 17 Oct 95

[FBIS Transcribed Text] GROZNYY, Oct 17 (INTERFAX) — The current prevailing point of view is that it is inexpedient to declare a state of emergency in Chechnya, Vladimir Zorin, first deputy head of the federal civilian administration in Chechnya, told journalists in Groznyy Tuesday evening.

He said that there are different opinions in Groznyy as to whether the state of emergency must be declared. The "round table" of political parties and movements reacted negatively to the prospect, while the National Revival Government's reaction was reserved.

The federal civilian administration as a body working directly with the population has also taken a reserved stand on the issue because when a state of emergency is declared it is most important to protect the interests of the population, said Zorin. We have spoken in favor of a more detailed study of the issue, he said.

Zorin stressed that all sides are unanimous in the need to "tame crime and gangsterism." However, there are disagreements as to what measures must be used to reach the goal, he stated. Zorin said that the Chechen Interior Ministry must work out such measures and present its plan to the National Revival Government by October 25.

"Constitutional order in Chechnya must be restored only by constitutional means," stressed Zorin.

Army Paper Ponders 'Chechen Problem'

MM1710153995 Moscow KRASNAYA ZVEZDA in Russian 17 Oct 95 p 1

[Report by Vitaliy Strugovets: "While Discussions About Peace Are Going On, Russian Servicemen Are Continuing To Die in Chechnya"]

[FBIS Translated Text] Events of recent days have exacerbated the "Chechen problem" more than ever before in terms of the past few months.

Those who are in Chechnya — mainly servicemen from the Russian Federation Ministry of Defense and the Ministry of Internal Affairs Internal Troops, who are bearing the whole brunt of the war — believe that the solution to the problem lies primarily in the effective implementation of the Agreement on the Military Block of Questions, which ordered the disarmament of the unlawful armed formations. By any methods! And it is hard to argue with their stance. When one in four of the republic's inhabitants is armed, it is very difficult to talk about political and economic methods of working with them. As for the weapons, practice has shown that these are not being voluntarily handed in and are unlikely to be so. Instead there is constant provocation, shooting, and terrorist acts. The Integrated Group of Federal Forces in the Chechen Republic lost approximately a battalion in September. The figures for losses have not only not fallen in the first half of October, they are rising. Indeed, can we expect anything else if, for example, on 14 October a singular kind of record for the past three months was set: The federal troops' positions came under fire 48 times in the space of a day. On 15 October the figure was slightly lower — 40 times. And this was literally a few days after the statement by the group of field commanders of the unlawful armed formations that they are prepared to continue talks on the military block of questions.

Now something about the talks themselves. Officially, they were suspended by Dudayev's side last Wednesday "until international observers arrive in Groznyy." The activity of the OSCE mission, which has been in Chechnya for four months now, does not meet with the satisfaction of Dudayev's side, according to Aslan Maskhadov, leader of the Chechen Armed Formations staff. The reason for this kind of statement may only lie in its rejection of the position occupied by the OSCE, which is increasingly dissatisfied with the actions of Dudayev's men, who have been blatantly disrupting the Agreement on the Military Block of Questions and continuing their sabotage and terrorist acts against the federal troops and the local administration. A few days ago, for example, the prefect of Vedenskiy Rayon and the prefect and deputy police chief of Nozhay-Yurtovskiy Rayon were abducted and killed....

All this has forced the federal authorities to raise the question of billeting Dudayev's delegation outside Groznyy. But even irrespective of events of the past few days — the attempt on General Romanov, the firing at the OSCE mission, the gunmen's galvanization into action — Russian President Boris Yeltsin has not yet agreed to the proposal to introduce a state of emergency in Chechnya. As Colonel General Anatoliy Kulikov, Russian Federation minister of internal affairs, explained, the idea of introducing a state of emergency was justified primarily by the military-technical problem of settling the conflict. But the president has added a political, international aspect.

It is possible that the aspiration toward a purely political settlement to the Chechen conflict will bring Russia certain dividends at the international level. But the lives of Russian soldiers, including the two who died last Sunday, cannot be restored.

Federal Forces To Fund Rebel Hospital

LD1710193895 Moscow ITAR-TASS in English 1824 GMT 17 Oct 95

[By Nikolay Zagnoyko]

[FBIS Transcribed Text] GROZNYY, October 17 (ITAR-TASS) — Federal forces in Chechnya will fund the project to build in neighbouring Ingushetia a hospital for Chechen fighters injured in the ten month-long armed stand-off, deputy territorial department head Vladimir Zorin told a news conference today.

He said this initiative was "the wish to heal wounds of the war sooner, to ensure real progress on the road to peace and accord."

Many of Chechens who fought the federal troops are staying in mountains now, tens of them in need of treatment and rehabilitation for wounds and contusions, Zorin said.

Russian presidential envoy to Chechnya Oleg Lobov called to Ingushetia's President Ruslan Aushev before leaving for Moscow today about the hospital project.

Zorin said Aushev agreed to have the hospital in Ingushetia.

The Russian delegation to the Groznyy peace talks today had an informal meeting over the matter with Chechen senior negotiator Khozh-Akhmed Yarikhanov and top military commander Aslan Maskhadov.

The Russians proposed to them to make arrangements for transportation of injured rebels to the future hospital.

Surrender of arms is the only condition for admission to the hospital, Zorin said.

Electoral Commission Invalidates Kalmykia Election

LD1710203495 Moscow INTERFAX in English 1852 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (INTERFAX) — The Russian Central Electoral Commission does not recognize the results of the presidential elections in Kalmykia (a Russian republic in Povolzhye), Central Election Commission Chairman Nikolay Ryabov told INTERFAX today.

Ryabov said the legislation on elections and basic human rights had been grossly violated during the presidential elections in Kalmykia.

He said Kalmyk President Kirsan Ilyumzhinov, the Kalmyk Election Commission and Legislative Assembly had been notified of the Central Electoral Commission's decision.

Kirsan Ilyumzhinov, 33 years old, was re-elected as the Kalmyk president during early presidential elections on October 15.

Shakhray Explains Udmurtia Treaty of Delimitation

LD1710173995 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1230 GMT 17 Oct 95

[FBIS Translated Text] A treaty on delimiting the subjects of jurisdiction and the powers between the federal authorities of executive power and the state bodies of power of Udmurtia was signed in the Kremlin on 17 October.

"This document is the fruit of all the experience, all the mistakes and achievements of the two years that the new Russian Federation constitution has been in force," Russian Deputy Prime Minister Sergey Shakhray said in an interview to Ekho Moskvy radio station. "It is a document concise in content and and very pragmatic, and we therefore hope it will yield results straightaway and will yield returns for the simple population of the republic."

"In essence, the Udmurt treaty puts an end to the period when treaties were signed only with the republican bodies of power," Sergey Shakhray thinks. "Now the principle of equality of the component parts of the federation will operate."

"If such a scheme had been found previously with the Baltic republics, with the Transcaucasian republics, and if an individual approach had been found, it would have been possible to preserve the country," Shakhray reckons.

According to Shakhray, "a number of agreements, including one on settling interbudgetary relations, were signed at the same time as the treaty, which provides the mechanism for them to operate."

"Huge sums of federal taxes are gathered on the territory of Urdmurtia, whilst the republic is receiving state subsidies," Shakhray said. "Now these taxes — 500 billion rubles — stay on the territory of Udmurtia, in the hands of the territorial directorate of the federal exchquer, and do not go backward and forward."

Gornyy Chemical Weapons Depot Debated at Conference

LD1810102995 Moscow Russian Public Television First Channel Network in Russian 0900 GMT 18 Oct 95

[From the "Novosti" newscast]

[FBIS Translated Text] International public hearings on the problems of eliminating chemical weapons started in Saratov today.

Special precautionary measures for handling chemical weapons must be taken in this military site in Gornyy. About 1,500 tonnes of chemical weapons have been amassed here, including mustard gas, lewisite and different mixtures of these toxic substances. In breech of the Versailles Convention, a so-called military chemical center was set up here in strict secrecy in the 1930's. War gases were developed and tried out with assistance from German specialists there. For how long these experiments went on is anybody's guess. The fact is, however, that over the last few years the incidence of various diseases among the local population has shot up compared to the neighboring regions.

How can the ecological situation be improved and what can be done with such a considerable stock of chemical weapons? In accordance with a government decision the Region is to build a weapons-eliminating facility. But feasibility studies have not been carried out. The population is against the project.

So what should be done? A solution is expected to be found at the first international hearings which have opened in Saratov at the initiative of Green Cross. The meeting stressed the need for international cooperation in chemical disarmament and more efficient control over the implementation of the convention banning chemical weapons which was signed by 165 countries in Paris two years ago.

Funded, Altay Mines Intend 2 Tonnes of Gold Yearly

MK1810063795 Moscow NEZAVISIMAYA GAZETA in Russian 17 Oct 95 p 4

[Unattributed AEN report: "Gold Potential of the Altay"]

[FBIS Translated Text] They intend to mine up to 300 kilograms of gold this year in Altay. By the most conservative expert estimate, Altay's reserves of precious metals stand at 200 to 210 tonnes. At present, more than 40 deposits of placer gold have been discovered in Southern Siberia. All of them are mainly located in interior areas difficult to access and have not been studied well enough yet, according to specialists of the Altay branch of the "Yuzhsibgeolkom" joint-stock company. They think in the kray administration that considerable funds — up to $15 million — are needed today to develop the sector. If the funds are found, they forecast that gold in Altay will be produced at the rate of 1.5 to 2 tonnes a year.

Economic Issues

Yeltsin's Signing of Foreign Trade Law Welcomed

MM1710135995 Moscow IZVESTIYA (Financial Section) in Russian 17 Oct 95 p 1

[Report by Aleksey Portanskiy: "Law on Foreign Trade Activity Signed"]

[FBIS Translated Text] President Yeltsin signed the law "On State Regulation of Foreign Trade Activity" 13 October.

The adopted law has finally filled the legal vacuum in such an exceptionally important sphere as foreign trade, Yevgeniy Tikhonov, deputy chief of the Ministry of Foreign Economic Relations Economics and Information Department, said in a brief conversation with "Financial IZVESTIYA."

The law provides a legal basis and the proper legitimacy for decisions made in the sphere of foreign economic activity. The law lays down permanent ground rules in the foreign economic sphere for both Russian and foreign economic operators — which is exceptionally important under Russian conditions.

Russian business will get legislative protection against the dumping of imported goods. It is no less important for attracting foreign investors to Russia.

Experts believe that the law "On State Regulation of Foreign Economic Activity" should provide impetus to deputies to more rapidly pass such necessary documents as laws on the division of output, on concessions, and on foreign investment.

Panskov Cited on Government Tax Law Liberalization

LD1710162295 Moscow INTERFAX in English 1347 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, Oct 17 (FIA-INTERFAX) — The Russian government is determined to improve the current tax system, ease the tax burden, create "favorable conditions for paying taxes and liberalize the tax laws," Russia's Finance Minister Vladimir Panskov told a conference on Russia's tax system in Moscow Tuesday.

He said that "the present-day tax system, as a combination of taxes, mechanisms of their calculation and control over their payment, will not undergo any cardinal changes."

He noted, however, that "the current tax system does not ensure an equal and fair approach to all tax-payers," which is its main drawback. Given this, "the tax burden should be evenly spread to all," he said. To attain this goal, "inefficient and unjustified tax privileges should be done away with, and measures taken to control all tax-payers and prevent tax-evasion."

Causing no decrease in tax revenues, these measures might ease the position of enterprises which carry the main tax burden, he continued.

Beginning January 1, 1996, the Finance Ministry will renounce the "non-market tax on excessive salary funds and the special tax, and take other measures easing the tax burden," said Panskov.

However, a real reform of the tax system may be carried out only if a tax code is introduced "as a comprehensive document governing relations between the government and the tax-payer," he said.

Says Deficit To Be Within 4 Percent of GDP

MK1810063495 Moscow NEZAVISIMAYA GAZETA in Russian 17 Oct 95 p 4

[Unattributed report under the "In Brief" rubric: "Deficit Will Not Exceed 4 Percent of GDP"]

[FBIS Translated Text] This forecast was made by Russian Finance Minister Vladimir Panskov in his address to the Federation Council meeting devoted to the 1996 draft budget in Moscow on Monday [16 October]. The minister said that according to the results of the first nine months of this year, targets for collecting budget revenues were exceeded by 19 percent. Thus, the state received an extra 20 trillion rubles. "This success," he noted, "has been achieved first of all because production volumes have shrunk less than planned this year." Panskov said that the government nonetheless encountered difficulties in paying off the budget deficit, because an IMF loan was received behind schedule owing to the late passage of the law on the budget. Still, in Panskov's view, the deficit will be kept within 4 percent of GDP until the year's end despite the need for extra expenditures, such as on restoring the Chechen economy, giving loans to certain Federation components, and so forth.

Moscow Starts New Talks With IMF on Credits

LD1710165695 Moscow ITAR-TASS in English 1452 GMT 17 Oct 95

[By Aleksandr Samozhnev]

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — The Russian side started on Tuesday talks with a mission of the International Monetary Fund on appropriating new financial resources to Russia for 1996-1998 under a programme of expanded crediting, BUSINESS-TASS learnt at the Russian Finance Ministry.

The fund can appropriate 12 billion U.S. dollars to Russia under this programme.

Bilateral consultations with the IMF on granting this credit were held in Moscow late in September. According to preliminary estimates by IMF experts, the main indicators of economic development in Russia conform to the fund's requirements.

Finance Ministry experts reported that the sides at the talks plan to discuss Russia's foreign economic policy, the balance of payments, various aspects of the tax policy and ability to collect taxes.

Macroeconomic indicators of the forecast for the 1996 fiscal year will be key initial data for determining the size of expanded crediting.

IMF experts will hold, at the same time, a monthly monitoring of the state of the Russian economy, which is one of the main conditions for allocating to Russia another part of the credit to support the economy, the total sum of which was set at about 6.2 billion dollars.

The Russian side can hope for receiving the September tranche of the credit from the IMF to a sum of 550 million dollars, the Finance Ministry reported.

Foreign Loan To Cover Budget Deficit Hoped For

LD1710161795 Moscow INTERFAX in English 1414 GMT 17 Oct 95

[FBIS Transcribed Text] MOSCOW, oct 17 (FIA-INTERFAX) — A senior Finance Ministry official said on Tuesday Russia might well be able to obtain $9.2 billion from abroad to close a national budget deficit next year.

Mikhail Kasyanov told the Financial Information Agency international financial bodies had already shown support for Russia's economic reforms and were generally satisfied with the Russian government's program for 1996. He said the Finance Ministry had taken this into account in drawing up the national budget for that year.

"The annual meeting of the International Monetary Fund and the World Bank which ended last week and the resolutions on Russia that were passed there give us a certain sense of optimism," Kasyanov said.

Yet the IMF "directly links" the release of a first $4 billion tranche of an expanded loan to "the process of passing the budget by the State Duma (lower house of parliament) and to alterations that may be made in the inflation and deficit indicators in the draft budget," the official said.

He said the government, in searching for means to fill in the next year's budget deficit without fueling inflation, planned to obtain most of the money for this from domestic sources.

According to Financial Information Agency data, the government proposes limiting the sum to be borrowed from abroad next year to $9.2 billion (32.4 trillion rubles), with $4 billion being loans with no conditions attached, $2 billion being a bonded loan and $3.2 billion being money obtained to buy equipment not made in Russia.

Moves To Control Liquor, Textile Imports Viewed

MK1810063895 Moscow SEGODNYA in Russian 13 Oct 95 p 2

[Report by Elmar Murtazayev: "Government Intends To Set Liquor Import Quotas. Decision on Limiting Imports of Textiles Will Be Made Following Talks With EC"]

[FBIS Translated Text] Liquor import quotas will likely be established by the government before the year ends. As Andrey Kushnirenko, deputy head of the Department for Foreign Trade Control, said in an interview with SEGODNYA, the department has already been tasked by the government to limit liquor imports, and a draft resolution is being worked on by federal agencies. For instance, the Economics Ministry is now considering the amount of imports to be allowed.

Thus, a fight over the privilege to import liquor granted to the National Sports Fund has for the first time been documented. It will be recalled that at one of the latest meetings of the operational commission for improving payments and settlements, First Deputy Premier Anatoliy Chubays stated that the budget was annually underpaid up to $50 billion owing to the preferential liquor import regime. Moreover, according to the State Customs Committee, the importation of vodka in the second quarter of 1995 grew by a factor of four as against the same period last year. In an attempt to place the importation of "booze" under control, the operational commission for payments proposed introducing a fixed excise duty for exporters of liquor, toughening some Criminal Code articles on the illegal production of alcohol, and setting liquor import quotas. The latter move has, to all appearances, passed the discussion stage. Nonetheless, control over alcohol imports from Belarus, which belongs to the Customs Union, is still on the agenda. It is not quite clear how quotas or restrictions can be placed on exports from Belarus, since the customs agreement provides for the absence of any border or customs controls.

Import restrictions will probably also affect textiles, for somewhat different reasons, however. Russia's imports of textiles and clothing from EC countries throughout the whole of 1994 totaled $580 million, whereas the total value of exports amounted to only $140 million. To a great extent, this situation is caused by EC quotas for the importation of Russian textiles. At the talks in Brussels on 14-16 September, the EC did not agree to cancel the quotas despite all efforts by the Russian delegation. Experts of the Ministry of Foreign Economic Relations believe that now Russia has all legal grounds to use protectionist measures in response. A final decision, however, is to be made by the commission for protectionist measures after the closing round of talks scheduled for early November.

Power Sector Expected To Receive New Investments

LD1710174595 Moscow ITAR-TASS in English 1624 GMT 17 Oct 95

[By Igor Ivantsov]

[FBIS Transcribed Text] MOSCOW, October 17 (ITAR-TASS) — Investment in the Russian electric power sector is expected to total some two billion dollars by the end of this year and 3.5 billion dollars next year, Vitaliy Gorin, an executive of the joint-stock company Integral Power System of Russia, said in an interview with ITAR-TASS.

Gorin held the floor at an international conference on prospects of the Russian power sector which opened today as part of Energoprogress '95 power exhibition which has been working at Moscow's exhibition centre Sokolniki since Monday.

Gorin said the power sector's annual need in investment would be three to five billion dollars in the period before 2000.

With the start of the new millennium, the investment requirement will grow to five-seven billion dollars, Gorin said.

The need for ever-expanding investment relates to predictable growth of power consumption requiring increasingly more power capacities.

Intergral Power System of Russia has compiled a programme for the construction of new power capacities within the nearest decade.

The programme envisions the building of 44 electric power stations and some 10,000 kilometres of power lines by 2005.

Gorin said foreign investment had been trickling into Russia very slowly, with only eight small investment projects in progress now.

Foreign investors are wary and waiting for clearer prospects of getting their money back, Gorin said.

Benefits of Ruble Band Outweigh Exporters' Woes

MM1810093795 Moscow FINANSOVYYE IZVESTIYA in Russian 17 Oct 95 p III

[Article by Aleksandr Zakharov, general director of the Moscow Interbank Currency Exchange: "Exchange-Rate Band Leading to Restructuring"]

[FBIS Translated Text] The abandonment of inflationary budget deficit funding methods has noticeably altered the macroeconomic situation in the country. Inflation has fallen throughout the year — from 18 percent a month in January to 4.6 percent in September. The pace of the recession has slowed. The positive balance of trade has become one of the factors behind the strengthening of the ruble.

At the same time, the budget financing problem remains acute and it is hard to overcome the inertia of inflationary expectations, which are promoted by the uneven reduction in the inflation rate — wholesale price growth has been running ahead of retail price growth. The fall in inflation has also laid bare some structural problems in industry and the banking sphere. Nonetheless, the country is really closer to financial stabilization.

The foreign exchanges' reaction to the fall in inflation was not immediate. It was only in the second half of the year that the ruble stabilized. Many people consider this a consequence of the introduction of the exchange rate "band," not wishing to recognize the fact that it is not the "band" that determines the rate, but the rate that determines the width of the "band."

The "band" has brought nothing new to the rate-formation process. But it has helped to reduce speculative interest in foreign exchange operations, and foreign economic operations have come to the fore among the factors determining rate dynamics.

Throughout the existence of the "band" the rate has not attempted to approach either the upper or lower limits. This confirms that it reflects relatively objectively the macroeconomic equilibrium. Consequently, the current criticism of the exchange rate "band" policy looks strange to say the least — particularly if we recall the reaction from the same critics to the situation of a year ago which ended in "Black Tuesday." Back then the ruble would lose up to 5 percent of its value on certain days, and on "Black Tuesday" it slumped 27.4 percent.

A special commission assessed these events as "posing a threat to national security" — and the critics of the previous policy were in solidarity with that assessment. But now those who had previously advocated rate stability have become zealous opponents of that policy. Where is the logic in that? Of the two opposing claims only one can be true. So just what is the truth?

The truth is that it is impossible to stabilize the economy and the national currency in the context of a liberal credit and monetary policy. That conclusion is also suggested by experience.

It was an understanding of this fact that dictated the measures taken in particularly by the foreign exchanges this year. As of 1 January a maximum level for ruble fluctuation against the dollar in a single trading session — 10 percent — was introduced. This was already a kind of exchange rate "band" in Moscow Interbank Currency Exchange trading. The principle of "delivery on payment" began to operate as of 19 June. In other words, the exchange began delivering rubles only after confirmation had been received that the dollars had entered its clearing account. Limits on net operations in a single trading session were introduced as of 1 August. These did not restrict the work of the banks, but all the players, in the event of exceeding their set limits, would now have to deposit the surplus amount of currency in the exchange's clearing account. These limits average 70-100 percent of a bank's own resources.

The final stage will be the conclusion of an agreement between the exchange and participants, regulating the actions of the exchange and the banks in the event of settlement being delayed or of any player refusing to meet his obligations. The agreement is planned to come into force 1 November. It also envisages the creation out of participants' funds of a reserve fund to cover the exchange's losses in the event of participants failing to meet their obligations. These changes to the trading regulations are part of the general policy of strengthening finances and have promoted the stabilization of the ruble.

The main argument used by current critics of the exchange rate policy is the fact that at the present rate the stable ruble is creating difficulties for exporters. But the interests of nonexporters are not covered by the analysts. Yet import-export patterns over the past few years clearly show that we have to all intents and purposes "consumed" our resources — mainly our fuel, energy, and raw-material resources — whereas our scientific potential and the production of machinery and equipment have been doomed to degradation. Their share of exports has declined steadily, and the levels of raw-material exports have been ensured by a reduction in domestic consumption due to the severe recession.

Yes, the stable ruble has made life harder for exporters, setting them the problem of maintaining their competitiveness by cutting costs and improving the quality of their product. That last point takes time and money. Consequently, in order to ease the pressure on exporters, export duty was reduced as of 1 September. Other decisions are also in the pipeline. But at any rate one negative consequence of the exchange rate policy cannot be a basis for abandoning it. This is a complex problem. And we should be thinking not about how to "push the ruble down," but about how to support exporters in the context of a stable national currency, thereby differentiating between the interests of direct producers and those of intermediaries.

Finally, we need to differentiate between the end and the means. If the end is to get inflation down, the exchange rate "band" is only one of the means to achieve that end. A means which, incidentally, results in exporters cutting their costs as well as reduced inflation. Not to mention the fact that when inflation is high there can be no question of restructuring or of investment activity.

Yet the exchange-rate "band" has ultimately prompted the banks to seriously restructure, to address their clients, and to shift their sights from the financial sector to the real sector. And this is the first tentative step toward industrial restructuring. There is still a great deal more required in order to achieve this end. For instance, the creation of a capital market able to ensure a transfer of resources between sectors is proceeding slowly. The infrastructure for a corporate securities market and so forth is at the formation stage. Most of these problems are ultimately the result of the lack of regulation in ownership relations and the lack of a mechanism for bankruptcies, mergers, and takeovers. But it remains a fact that as a result of the ruble stabilization policy the financial sector, which had hitherto been inward-looking, has started to look for opportunities to apply its strengths in the real production sector. It is still too soon to be talking about specific successes in this area, but the trend is clear. A weakening of the ruble to meet exporters' current demands would reverse that trend.

International Affairs

Kuchma Rules Out Military Bloc With Russia, CIS

LD1710164195 Moscow ITAR-TASS in English 1631 GMT 17 Oct 95

[By Mikhail Melnik and Larisa Stetsyura]

[FBIS Transcribed Text] KIEV, October 17 (Itar-Tass) - Ukraine is not going to enter a political and military bloc of the Commonwealth of Independent States (CIS), President Leonid Kuchma said on Tuesday.

Speaking to a delegation from the Parliamentary Assembly of the Council of Europe, Kuchma stressed that Ukraine "resolutely opposes Europe's split into two camps."

Touching upon a problem of NATO's eastward expansion, the Ukrainian president stressed that "no state has the right to veto any other country's intention to enter any international organisation," admitting that Ukraine would be unhappy "to become a buffer between NATO and CIS."

Ukraine, Belarus Unable To Meet CFE Deadline

WS1810085095 Kiev INTELNEWS in English 0306 GMT 18 Oct 95

[By Halia Pavliva, INTELNEWS Staff Writer]

[FBIS Transcribed Text] Kiev, Oct 17 — Ukraine and Belarus both confirmed Tuesday that they will be unable to meet the Nov. 16 deadline for reducing non-nuclear weapons specified by the 1989 Conventional Forces in Europe pact.

The official Ukrainian announcement was made by a Mykola Makarevych, the country's ambassador to Austria, at a Vienna conference attended by all the signatories to the pact.

According to the treaty, Ukraine was supposed to destroy 1,974 tanks, 1,545 armored personnel carriers and 550 combat aircraft by that date. The Ukrainians are now claiming that they can't meet this goal until the division of the Black Sea Fleet with Russia is settled. This is true because many of the items slated for destruction are part of the BSF, which is under the joint administration of the two former Soviet republics.

Russia had earlier indicated its inability to meet its own arms reduction deadline for the same reason.

In the meantime, Belarus resumed destruction of some of its weapons on Monday, but said it would be unable to meet its Tashkent Treaty deadline without substantial Western help.

Concern Over NATO Deploying Nuclear Arms in Europe

LD1710171495 Moscow INTERFAX in English 1602 GMT 17 Oct 95

[FBIS Transcribed Text] KIEV, Oct 17 (Interfax) - Ukrainian leaders are concerned about the possible deployment of nuclear arms in the territory of Central European countries if they join NATO, Vasiliy Durdinets, Deputy Ukrainian Prime Minister in charge of security and emergency situation issues, said Tuesday.

Meeting with the delegation of the Committee on Legal Issues and Human Rights of the Parliamentary Assembly of the Council of Europe in Kiev today, Durdinets said that Ukraine is taking all possible steps to maintain stability in Central Europe. The region "must be a nuclear-free zone," he said.

Durdinets stressed that Ukraine demonstrates understanding of the NATO documents that favor the gradual expansion of the Alliance depending on the will of member states and of the pretenders. However, Ukraine wants to cooperate with NATO to a certain degree "in the interests of the country's security and taking into consideration the neutral status of Ukraine," said the deputy prime minister.

Spokesman Sets Out Stance on NATO Membership

LD1710183595 Moscow INTERFAX in English 1705 GMT 17 Oct 95

[FBIS Transcribed Text] Kiev, October 17 (Interfax - Ukraine) - In the course of consultations with representatives of the North Atlantic alliance, which were in session in Kiev last week, Ukraine proposed that NATO draw up and adopt a new paper - "Research into expansion of NATO - 2".

Yuriy Serhiyev, head of the Information Department of the Ukrainian Foreign Ministry, told a news-briefing at the Ministry that, in the opinion of the Ukrainian side, the above-said paper should take into account proposals and opinions of the East European countries and other member-countries of the NATO "Partnership for Peace" program, which were set forth during consultations between NATO and those countries.

Within the past fortnight, Assistant to NATO Secretary General Gebhardt von Moltke was holding consultations with foreign ministries of some of "Partnership for Peace" member-countries. In the course of the consultations, he expounded the NATO stand in passing the "Research into expansion of NATO".

Ukraine opposes possible deployment of nuclear weapons in the territory of East European countries —

potential NATO members, Serhiyev said. Statements on possible deployment of nuclear weapons were earlier made by the leaders of Poland and the Czech Republic.

"In this case, Ukraine may find herself on the watershed of confrontation; but we do not favour it", Serhiyev said.

According to him, Ukraine is unlikely to give up her non- nuclear status in the near future.

Speaking about possible cooperation with the North Atlantic Alliance in the settlement of the situation in Yugoslavia, Serhiyev expressed the view that Ukraine's role in NATO forces, which are to replace shortly the UN peace-keeping force in Bosnia, will most likely consist in participation in non-military operations, in particular, those of humanitarian character.

Council of Europe To Examine Kiev's Legal Norms

WS1710125795 Kiev INTELNEWS in English
0110 GMT 17 Oct 95

[Report by Oksana Hasiuk]

[FBIS Transcribed Text] Kiev, Oct. 16 — In what may prove to be the final hurdle to leap if Ukraine is to join the Council of Europe next month, a delegation of the CE Parliamentary Assembly's Legal and Human Rights Committee arrived in Kiev Monday [16 October] to ask hard questions about the country's constitutional and legal setup.

The delegation headed by Lydie Err, who chairs the committee, is to spend four days satisfying itself that Ukraine's legal situation is acceptable for membership in the CE.

The CE's Parliamentary Assembly approved in late September Ukraine's petition on admission in the organization. The final decision must still be authorized by the CE's Cabinet of Ministers, the executive body that includes the foreign ministers of member nations.

The Cabinet is scheduled to meet Nov. 8 in Strasbourg to decide on Ukraine's application.

The CE, founded in 1949 to protect human rights and strengthen national democratic institutions, now has 36 member nations.

"The CE Parliamentary Assembly's Legal and Human Rights Committee authorized me to speak out against the speed up of Ukraine's admittance to the organization after the committee's meeting in the beginning of September, due to legal aspects," said Err on Monday during the committee's meeting with Parliament Speaker Oleksandr Moroz.

While the CE's Political Committee approved Ukrainian membership, the Legal Committee still has reservations, according to Err, adding that the two bodies have different concerns.

While the Legal Committee endorsement, which paved the way for the Parliamentary Assembly's positive vote, is "one thing," Err said, "another thing is the more detailed analysis of legal issues."

Members of the CE's Legal Committee have expressed reservations about the constitutional agreement signed between the Ukrainian president and Parliament in June, due to its contradictions with Ukraine's current constitution, which is inherited from the Soviet Union.

"The agreement's provisions have being used during the preparation of the draft of a new Ukrainian constitution," said Volodymyr Stretovych, head of the Legal Committee in Ukrainian Parliament and a member of the Constitutional Committee, said during his meeting with the CE officials on Monday.

However, Stretovych admitted, the agreement's provisions may "require correction" if they are to be successfully used as the basis for a new constitution.

While CE's Legal Committee members noted that a mixed system of government is confusing, Stretovych said that "implementation of the agreement showed that we are not ready for a full presidential style of government."

"We think that relations between the executive and legislative branches of power must be clearly outlined by the constitution and the judge in all disagreements between power branches should be a constitutional court," said Stretovych.

Viktor Shyshkin, also a member of both the legal and constitutional committees, said most Parliament's Legal Committee members think the constitutional court must be formed only after a new constitution is approved.

Shyshkin also said that "the majority of the parliamentary Legal Committee think prosecutor's office should be included into the executive power structure or, probably, in the Justice Ministry structure."

Serhiy Holovatiy, Ukraine's justice minister, said during his Monday meeting with the CE legal experts that "capital punishment is a very complicated problem for Ukraine," arguing that "the increase in organized crime has being used as the main reason for (its) retention."

Complying with European conventions, however, would necessitate the abrogation of Ukraine's capital punishment statutes. "Solution of the capital punishment issue in compliance with CE demands," Holovatiy said, "depends on Ukrainian leadership's political will, on Ukraine's president, prime minister and parliament speaker's readiness to do everything this way."

According to Holovatiy, Ukraine's Internal Affairs Ministry and his ministry are working on a plan to change the jurisdiction of Ukraine's prisons from Internal Affairs to the Justice Ministry.

Legislation To Conform to Council of Europe Commitments

LD1710184295 Moscow INTERFAX in English 1707 GMT 17 Oct 95

[FBIS Transcribed Text] Kiev, October 17 (Interfax - Ukraine) - Whatever difficulties Ukraine may have to overcome, she will consistently meet the commitments, which she made in joining the Council of Europe, Ukrainian Vice Premier Vasyl Durdynets told a meeting with members of the delegation of the Committee for legal issues and human rights of the Parliamentary Assembly of the Council of Europe in Kiev on Tuesday.

Ukraine "is consistently proceeding along the path of building a law-obedient democratic state" since the day of proclamation of her independence (Ukraine's State Sovereignty Act was adopted on August 24, 1992, - "IF-U" note). Serious work is underway in the country to perfect her legislation, the Vice Premier emphasized.

Thus, he said, the Ukrainian government intends to table in Parliament ten packages of laws on various aspects of criminal, state and civic law.

Speaking on the possibility of repeal of death penalty in the country as one of the terms for Ukraine's admission to the CE, V. Durdynets expressed the view that "this problem cannot be removed overnight". Yet, he stressed, "the government's stand is absolutely clear - it is necessary to comply with the demands of the CE". Yet, he predicted that it would take two or three years in order "to prepare public opinion" and create the necessary legal basis for meeting these commitments.

Speaking with members of the PACE delegation, V. Durdynets said that "Ukraine not only proclaims the observance of the rights of the national minorities in the state". In his words, "the government is doing its utmost to affirm and develop the culture, languages and traditions of all the 128 nationalities resident in Ukraine".

National Affairs

Government's Action Plan Assessed

WS1710145495 Kiev VYBIR in English 1010 GMT 17 Oct 95

[Article by Yuriy Vyshnevskyy: "A New Attainment in the Art of Political Compromise" — from the "Ukrainian News" feature]

[FBIS Transcribed Text]

Making Headway in All Directions

This heading of an editorial dating to the acme of Gorbachev's perestroika perhaps best describes the modus operandi of the governments of different countries, concerned above all with remaining in office. Give all kinds of promises, and keep none. This technique of political survival proved invariably more effective, in any part of the world, than attempts to act proceeding from economic realities. And so, after Leszek Balcerowicz in Poland, and Yegor Gaydar in Russia, no more political kamikazes have been registered.

And nor does the Kuchma-Marchuk government show any suicidal trends. At the same time, it cannot afford to become yet another big political liar. The Ukrainian President, elected by the entire nation, has almost four years of office ahead. Under the Constitutional Agreement, the Verkhovna Rada [Supreme Council] will refrain from interfering into the Cabinet's affairs for one year, provided it approves of its Program of Action. If this Program is bungled within the year, there is a fair chance that Leonid Kuchma will have to step down from the stage in disgrace, even in the middle of his term.

The government is taking this big risk in its search for a combination of realism and pluralism, quite an extraordinary thing in itself. It cannot promise "headway in all directions", but nor can it say that there will be no headway, period. To promise a little bit of progress in every sphere would be even worse. So which way to go? The government found an answer, otherwise the Program of Action would not have been published.

Born in Pain...

The story of how the Program of Action was submitted for consideration by the Verkhovna Rada is very much like that of how the government was formed. The latest Cabinet appointments were made literally days ago - in other words, three months after the signing of the Constitutional Agreement, and six months after the dismissal of the previous Cabinet, headed by Vitaliy Masol. With the Program, too, all time-limits were broken. At first, it was promised to supply the text to the MPs on the opening day of the 4th Session of Parliament (September 5), then in a week's time (September 12), so as to start the hearing procedures a week later (September 19). In reality, the text (the third, final draft) became available - to a limited number of People's Deputies, including several copies for each of the commissions - on September 26. The Prime Minister's report was put off till October 10.

This delay seems best explained by Valeriy Pustovoytenko, Minister of the Cabinet of Ministers of Ukraine. Almost one month ago he stated: "We have once again selected people, and now we are using them to build a structure, although we should have taken a different course. First make a structure, and then select people to man it." Symbolically, this came from one of Leonid Kuchma's "oldest and most dedicated comrades-in-arms" holding the key post in the selection of Cabinet manpower, even when Kuchma was still Premier. By the way, he concluded the above statement with, "the government's presentation [in Parliament], which has been put off on several occasions, will take place in the nearest future." Well, a month passed before it did, on October 3. This makes his own words, about first selecting the structure and then manning it, sound like a court verdict.

Sure enough, formed in this manner, the government turned out doomed to build its Program using the same principle. The result (and many of the MPs who have had the time to study the document stress it) is a program of action of not the government as a whole, but of separate Cabinet members who are not bound by any single plan. The President took his time appointing Vice Premiers, and just as unhurriedly, together with the Prime Minister, proceeded to distribute among them their realms - i.e., Ministries, State Committees, and other agencies under their direct control. (Actually, he may well be still at it, because to the best of our knowledge the layout of structural links within the Cabinet of Ministers is yet to be approved by the Chief Executive.) "Acting within the limits of their respective authority, tentative as it was, the Vice Premiers agreed among themselves on proposals received from the ministries, whereupon the notes brought by the Vice Premiers were simply sewn together, using thick linen threads." This hypothesis, voiced on more than one occasion in Parliament, may well be close to the truth.

Compromise - To Benefit the Strong

And yet the above does not in any way belittle the importance of the document presented for approval by the Verkhovna Rada. The Program lacks a single plan, but one can clearly see its aim, which those that composed its separate sections tried to adhere to. "The main thing about the government's Program is that it envisages tremendous work aimed at restructuring the industries," notes Vasyl Hureyev, Minister of Economy of Ukraine. "This will be accomplished by combining macroeconomic transformations with microlevel reforms, which is a very responsible move, because we are very late with microlevel reforms." The said goal - restructuring the industries - is precisely the government's option of solving the promise-no-promise-give-never-give dilemma.

This option has nothing to do with either the ill-famed give-each-a-little-bit method cherished by all those governments of popular unity (confidence, concord, you name it), best suiting those given to fishing in muddy waters, or with the more resolute stand (a very seldom occurrence), when a government knows exactly when to turn down a tearful petition, risking condemnation by contemporaries but believing in descendants' appreciation. Speaking at the ceremony of opening the storage battery plant in Dnepropetrovsk, September 29, Leonid Kuchma dotted the i's and crossed the t's: "All the ministries and regional administrations have been instructed to examine in detail every enterprise within their jurisdiction, and decide whether or not it could survive in market conditions; whether or not this enterprise was needed by Ukraine, and by its economy. Proceeding from this, they are to determine whether or not to support this enterprise using the federal budget. Today, I am convinced that toward the end of this year we will have a full picture of every region, every city, every district."

In other words, several months later all those begging for federal support will be divided into categories with strictly defined access to the national purse. Without doubt, a major purpose of the Program of Action was to determine the principles of this division, to at least outline these categories, and then secure and objectively control this socially painful process. And it was for precisely this purpose that the Vice Premiers were selected and appointed. All this considered, should one wonder at the carefulness with which these people were chosen, the scrupulousness with which their powers were delimited, the caution with which the Program was composed? The variant of division offered by the Program is supposed to reflect, most accurately, the membership of this "elite club" in the Ukrainian economy, all those who must be supported and kept afloat, because the only alternative would be endangering the political future of the government, and the President.

An Appendix?

Of the 24 Chapters of the Program of Action, Chapter 2 is titled Social Policy, following the Main Clauses (which fact requires little, if any, comment). However, to comprehend the document's logic, one ought to concentrate on Chapter 12 Structural and Industrial Policy. Words like "structural perestroika" and "institutional transformations" seem well rehearsed by the Cabinet members, Victor Pynzenyk being, perhaps, the only exception (until recently he was adamant about financial stability coming first, saying time and again that only after achieving such stability could one decide who showed good business results). In fact, he is still often quoted as saying something like, "Macroeconomic stability is the necessary precondition of getting the economy out of crisis and embarking on the road to progress" (this thesis was included in the part of the Program describing the tools of the economic policy [Chapter I]), adding quickly, as though under his breath, "provided, of course, one doesn't idolize the monetary policy", and then, his voice back to normal, "which policy must be continued, no matter what." And finally, his voice dropping almost with every word, "Wherever possible, this policy should be supplemented by controlled structural perestroika." As for the latter, the results of its uncontrolled process are self-evident: in 1994, the fuel industry's share in gross production output was 11.2 percent, against 5.7 percent in 1990; that of ferrous metallurgy, 19.9 percent and 11.0 percent, respectively. At the same time, the ratio of machine-building and metalworking dropped from 30.5 percent to 17 percent over the same period; and that of light industry, from 10.8 percent to 4.4 percent. The economic structure looks increasingly like a raw materials appendix of the world division of labor. Ukrainian enterprises turned out ill-equipped in the struggle for their old traditional and new consumer markets. And all the while they were losing their own, domestic market. Estimates show that in 1990, 80 percent of the retail turnover consisted of domestic output; in 1994, it was less than 50 percent. There had appeared the threat of Ukraine becoming a market for foreign companies and cheap labor pool.

The industrial policy is geared to turn the structural perestroika if not backward then at least sideways, so as not to drift toward the "banana republics", but move in the direction of the "young tigers" (and then, who knows, some "economic miracle" might be worked). There was no such notion previously, but now it is going to set in, because Anatoliy Kinakh agreed to become Vice Premier to handle precisely this department. As for that which was, it is referred to unambiguously as the economic reform, and it will remain under the watchful eye of Victor Pynzenyk, still Vice Premier. Only not the First but one of the Vice Premiers. Not only industries, but even separate enterprises are now divided between and included in the jurisdiction of the two Vice Premiers. Those which Anatoliy Kinakh did not want to control stayed under Victor Pynzenyk, to atone for others' sins.

Investments Paradise

Paradise is known to hold the door open for saints, for all those that were the most dedicated believers, and who suffered the worst because of their faithfulness. In Ukraine, as in all the other former socialist countries, workers of enterprises manufacturing consumer goods formed the most ardent adherents of market economy reforms. In Ukraine, they also suffered the worst, because nowhere else had the leaders of independent textiles labor unions and similar structures suffered such losses, learning the hard way that the benefits of market economy were preceded by practically complete economic fiasco. In particular, they suffered so because of their staggering dependence on foreign supplies of raw materials and completing units.

The Program reads: "The principal trend (of the industrial policy - Yu. V.) will be the preferential development of industries with quick capital turnovers, including primarily the food and light industries", and goes on to promise that, "In order to lessen the dependence of the light industry on polyester raw materials (threads and fibers) imported from Belarus and 'remote foreign countries', 50,000 tons of which are required every year, one of Ukraine's chemical enterprises will be reequipped to manufacture polyester. It is also envisaged to produce facilities capable of manufacturing synthetic nitron fibers, 15,000 tonnes of which are required per annum. Solving these problems will yield an economy effect of $187,000,000 a year. A comprehensive program on the production of equipment for the light industry till the year 2000 will be implemented, providing for the development of new models and mastering the serial output of 96 most important types of basic equipment, along with six types of equipment for the production of textile, knitted wear, sewing, leather and textile fancy goods. This will allow to supply enterprises with domestically made equipment by 15-20 percent against the 2 percent of such equipment manufactured by Ukraine's machine-builders."

The Program also broaches the needs of textile manufacturers: "The textile industry is completely dependent on imported cotton. At present studies are underway to resume cotton-growing in Ukraine's southern regions, so as to supply the industry with domestic raw materials. Cotton import could also be reduced by using cotton in combination with cottonized flax fiber. Ukraine's flax fiber resources produce over 80,000 tonnes a year, whereas the enterprises in this industry handle only 30,000 tonnes of flax fiber. Processing flax at cotton-spinning enterprises and its use in the manufacture of competitive fabrics requires special equipment made in France and Germany. In order to introduce modern technologies at cotton-spinning enterprises, efforts will be made to receive hard currency credits worth $17 million to purchase 10 production lines in 1995-96. This will make it possible to detach some 10,000 t of cotton a year, and economize more than $10,000 a year. Hard currency credits will be returned by enterprises at the expense of returns from export transactions." In general, according to the Program, "work will begin (in the light, textile and leather industries), aimed at attracting foreign investments under specific business plans, worth a total of $250,000,000," and export from the said industries will "increase almost twofold in 1995, amounting to some $190,000,000. In order to enhance the export potential, the government will increase the quotas of textile export to CIS countries 1.5-2 times."

The Program further promises to attract bigger foreign investments to the food industry, which will make it possible to "restore the output of foodstuffs to the 1990 level over the next three years, by essentially improving the efficiency of production." As for enterprises in other industries, which had the nerve to offer their own alternatives to the market economy way of development, they will have to undergo much more complicated metamorphoses. Before they can receive tangible sums in US dollars, they will have to become entities worth tangible sums in Russian rubles.

Industrial-Financial Group Purgatory

Maybe some prefer to call it "financial-industrial purgatory", in which case they ought to blame the Verkhovna Rada, not the Cabinet. Otherwise the government assumes full responsibility, declaring in the Program: "The second principal guideline of the industrial policy is the development of science-intensive industries, which includes modernization of mechanical engineering, metallurgy, and chemistry." It would be useless to try to find out why the authors of Chapter 12 of the Program invariably associate the notions "science-intensive" and "modernization" with the acronyms FPG [financial-industrial groups] or PFG. A. Kinakh did not have much of a choice. Therefore, the Program stakes mostly on cooperation with Russia and other countries, while declaring the intention to develop Ukraine's mining complex, create a domestic raw materials base of non-ferrous metallurgy, develop the extraction of gold, rare-earth metals and precious stones, create a complete complex of sugar-refining machines in 1996-97, which will allow to stop importing them, renovate the tractor pool, launch new sowing machines into serial production, increase the output of buses, trolley buses, streetcars, automobiles, etc. In regard to metallurgy, the Program mentions the "establishment of joint production facilities by metallurgical enterprises in CIS countries, to increase the output of competitive products." In mechanical engineering, it envisages "reorganization of such branches as agricultural machine-building, heavy mechanical engineering, machine-tool construction, instrument-making; in electrical engineering, the setting up of three holding companies and four financial-industrial groups." In the chemical industry, it will be the "creation of financial-industrial groups to unite the material and financial resources of enterprises in Ukraine, the Russian Federation, and other countries... along the following lines: mineral fertilizer; light-sensitive materials; magnetic data carriers; chemical fibers; production and transportation of ammonia; chemical agents; glass-fiber-reinforced plastics and glass fibers; tires and industrial rubber products; synthetic detergents."

Perhaps there is a point in what Reforms MPs Oleksandr Yelyashkevych and Fedir Sudnytsky are saying, namely that the draft Law of Ukraine On Industrial-Financial Groups in Ukraine, adopted by the Verkhovna Rada in the second reading (September 14) is a "replacement of the good, necessary idea of creating multinational corporations and holding companies by an association of dying monsters of the public sector, in order to appropriate public property, and to receive a most favored operating status, compared to the others." Anyway, it is hardly likely that Russia cares so much for those "dying monsters" of the Ukrainian industries, even if it could get hold of them, in their dying glory. Without doubt, Russia will not be averse to making money using Russian-Ukrainian industrial-financial/financial-industrial groups, provided this in no way harms its own enterprises and banks being partners of Ukrainian "zombies."

It would be an altogether different story if these potential group partners, supposedly dying or already dead, turned out alive and kicking. Russia would then try to outsmart Ukraine, but then it would have to take the risk of Ukraine doing the same. However, there must be something for which both sides would be willing to struggle, and this something requires considerable efforts, so much so that far from all contenders will measure up. Those that don't will end in the gutter, among them those that had no illusions about their own capacities, even with help from the chief industrial politician heading the Interdepartmental Commission responsible for the formation of financial-industrial groups. These failures, without hopes for greenback and ruble subsidies, will be given one last chance: karbovantsi. Alas, the rate of exchange will be to no avail, because if America doesn't give, and Russia doesn't buy, Ukraine will surely give nothing. It is like stamping the final Checked [as received]. No use.

Vice Premier for Economic Reform, Simple as That

The Program has everything worded so neatly and unambiguously that separate passages in the 130 pages deserve to be quoted.

"The third principal guideline of the industrial policy will be in the restructuring of unviable production capacities (industries)." It is a beauty, because it is the only statement mentioning some action in regard to such unviable enterprises. The other three proposals are about inaction: "The government will abandon the practice of artificial and hopeless support of noncompetitive enterprises." "Support of physical production volumes of all types will not be among the basic tasks of the industrial policy. Reducing the output of products which are not and will not be in demand will make it possible to detach resources and use them for more important purposes." Actually, the authors could have put it even more laconically: "The government does not give a damn about the rest of the enterprises." But perhaps they could not choose between "does not give a damn" and "could not care less."

This third guideline in the industrial policy must be taken seriously. The government cannot afford even to close down most of these unviable enterprises (including gratuities on discharge, etc.) And so efforts will continue to be made to encourage such hopeless enterprises to close of their own accord, and their work force to give notice before being served one. Here the main stimulus has remained the workers' abominably low pay level (which becomes nil, compared to consumer prices). On the other hand, the government cannot admit that minimum wages are actually the living wage (as the unions demand), because it would mean assuming responsibility before 2.2 million working people on "unpaid leaves", and 1 million working "short hours."

Actually, backing the miserable minimum pay standard is not the only task which Victor Pynzenyk is willing to tackle. And nor was it coincidental that the Vice Premier for Economic Reform headed the Social Policy Section at the All-Ukrainian Conference of Economists (September 14-15). Addressing the conference, he once again reminded those present of several ways in which people unwilling to resign from hopeless enterprises could be made to look for better jobs. To begin with, it is the good old method of raising prices and tariffs for fuel, housing and communal services, and city transport, which (so the Program says) constitute 30-60 percent of their actual costs. Free rides will be canceled for most categories of citizens previously entitled to this privilege. Toward the end of 1995, housing-communal prices will amount to some 60 percent of their actual costs, and about 80 percent by the end of 1996.

In addition, the government will take even more radical steps toward enterprises persistently refusing to close. In view of drastic shortages of energy resources, in order to secure central heating in the autumn-winter period, enterprises found to be habitual defaulters in terms of unpaid electricity and natural gas bills will be cut off from supply lines. Try to picture a man willing to leave a warm apartment to work in a frozen shop! Of course, needs must when the devil drives, so before one knows it, looking for daily bread will drive away all thoughts of one's good old factory.

Outside Three Circles

Actually, after laying down three principal guidelines the government could have put the final dot. Instead, it put a comma, singling out a special category of activities "with strong regional concentration", "which the country cannot abandon for fear of endangering its independence." Few will have to be explained that what is meant here is, primarily, the Military Industrial Complex, and miners. Indeed, should workers from military plants in Kharkov, Dnepropetrovsk and Lvov, together with miners from Donetsk, Lugansk and Chervonohrad gather in front of the Cabinet [of Ministers] building in Kiev, even if under different banners, hardly anyone on the government would be eloquent enough to convince the communist adherents that all evil in the country came from UNSO, and vice versa.

Now such emergency situations will be the headache of not only A. Kinakh, but also P. Lazarenko, recently appointed first vice premier, and V. Yevtukhov, vice premier for fuel and energy complex. "Conversion of enterprises no longer of defense importance, as well as creation and development of appropriate closed-cycle military enterprises" are referred to in the Program as the "fourth important component of the industrial policy." It is expected to "form viable and competitive civil or mixed civil-military production structures, on the basis of military-oriented enterprises, adapted to market development conditions." Among the most promising industries are listed aircraft, space rocket manufacture, shipbuilding, as well as electronics, and last but not least, microelectronics. The still effective defense enterprise are promised "measures aimed at expanding foreign clientele and searching for new nontraditional business partners."

Together with the rest of the fuel-energy complex, the coal industry is allocated a separate Chapter. The miners are offered two variants of quick and very quick changes. The first begins with the integration of currently operative production associations (something the Coal Ministry is already busy with). After that, "proposals concerning state-controlled joint-stock coal companies will be prepared, based on an analysis of the experience of integrated associations." The second variant (it was absent in the initial draft of the Program) takes a short cut: "five state holding companies, two in Donetsk Oblast, and three in Lugansk Oblast, Pavlohrad, and Sokil", based on all coal mining and processing production associations, plus two more holding companies based on three mine construction integrated works. As for the ancillary (servicing) subdivisions (enterprises) they are to be made "completely independent, subsequently to be reorganized as joint stock companies, and privatized." Both variants envisage discarding the system of inner-branch redistribution of revenues between profitable and unprofitable mines, and closing hopeless enterprises.

Enterprises of the Military Industrial Complex and coal mines are the only ones to be spared Pynzenyk's attention. However, it does not mean that they are granted the VIP status. It is simply that military plants, unlike enterprises in most other industries, operate comparatively modern equipment, so it wouldn't serve the government to let them fall into decay and close by themselves. Instead, they are to be encouraged to adapt their capacities to the output of at least something marketable. As for mines, they cannot be allowed to close by themselves. They are either operated, even if at small profit, or closed, spending huge budget sums on it. Otherwise, the approach to these enterprises and mines will be absolutely objective, no different from the other sectors. The more so that Pavlo Lazarenko, former chairman of a kolkhoz, cannot but share the corporate interests of the MIC [Ministry of Industry and Conversion] enterprises, Vasyl Yevtukhov, former director of the Ore Mining Equipment Plant in Kryvyy Rih, has every right to consider himself a member of the coal-and-energy lobby, Anatoliy Kinakh, ex-foreman at the Okean Shipyard in Mykolayiv, is regarded as a colleague by directors of Ukrainian enterprises, and Victor Pynzenyk, former head of chair, Lvov University, specialist in mechanical engineering quality control, is as devoted an adherent of state economic sponsorship in regard to all categories of citizens as Leonid Kuchma was when running for presidency to save his beloved Pivdenmash Plant.

Schedule Left Out of the Program

Structural policy of wages must directly reflect that in the sphere of industrial output. Actually, it is underway. By its recent decree the government returned to regulating the consumption funds of enterprises (canceled in February 1995). The Program explains this approach by the fact that enterprises, using the right to independently determine their wage funds without in any way restricting its growth, and the right to refer all expenses involved in the payment of basic and additional wages to product costs, "began to step up expenditures on wages without adequately increasing production output and revenue receipt, securing their growth by increasing the prices of their products." In fact, prices rose the highest at monopoly enterprises.

	Average monthly income (thousand karbovantsi) of workers and office employees	Level of prices (percent) in the 1st quarter of 1995	Average monthly take-home revenues (percent of workers and office employees) in 1st quarter of 1995
1995 1st qu.	4618	100	100
2nd qu.	6251	125	108
3rd qu.	8215	146	122
4th qu.	11056	165	145
1996 1st qu.	11200	178	136
2nd qu.	11426	194	128
3rd qu.	11772	204	125
4th qu.	12360	211	12

Such wage abuses, which the government intends to correct by regulating consumption funds, are impressive indeed. However, there is yet another abuse, characteristic of all industries: a more than two-fold drop in the share wages in product costs. Several days ago, V. Hureyev declared that this share will be raised to 34.4 percent in 1995. Earlier, Leonid Kuchma stressed on several occasions that it was necessary to stimulate highly productive labor, without which it will be impossible to uphold even the most promising industries. As for the Program, it seems content with offering a chart of prognosticated average monthly incomes of workers and office employees, as per quarters of 1995-96, without even mentioning planned real incomes - i.e., revenues calculated with regard to price increment rates.

This chart is based on actual and planned incomes and inflation indices. It is meant to show exactly why the government had to assume that little "silent stance:" In 1995, the take-home wages of workers and office employees were on a steady upward curve. In the last quarter of this year the Cabinet intends to show a further sharp increment - 1.5 times, if all goes well - compared to the 1st quarter. Should the New Year come, however, it plans to practically freeze them, so that over the first six months these take-home revenues will be back to the current level. In the 4th quarter of 1996 no such upsurge as in the 4th quarter of 1995 is envisaged. In other words, the reason is not that people will consume more food and energy in winter. Seasonal factors aside, the only reason for the government's sudden willingness to substantially increase average take-home wages is this: according to Kuchma's statement (mentioned above), enterprises will have to "count themselves first, second, third, fourth..." On the other hand, judging enterprises by the poor performance of their work force would mean risking too many mistakes. But a clean experiment calls for sacrifice...

Official Says National Guards May Be Disbanded

LD1710184195 Moscow INTERFAX in English
1611 GMT 17 Oct 95

[FBIS Transcribed Text] Kiev, October 17 (Interfax - Ukraine) - Ukraine's National Guards have fulfilled the tasks set to them and can be disbanded with their functions to be turned over to the Defence Ministry, the Ministry of the Interior, the Security Service and Civic Defence, "IF-U" has been told by Ukrainian MP Valentyn Nedryhailo, former first deputy minister of the interior.

In his view, as member of the parliamentary committee for justice, law and order, the Presidential Decree of October 6, 1995, on re-subordination of the National Guards to the President "shall not touch off a political confrontation between the branches of power."

Ukraine's Verkhovna Rada [Supreme Council] is planning to examine the question of the presidential decree on October 19. At the meeting on Monday [17 October], the Presidium of the Parliament proposed that the deputies veto that decree, since, by issuing it, the President, as the members of the Presidium feel, has exceeded his powers and acted in contravention of the laws in effect.

Under the law of the National Guards adopted in October 1991, the Ukrainian President is entitled to decide upon the structure, strength and stationing of the National Guards' units, while the Cabinet is in charge of their material and technical supply, V. Nedryhailo recalled. "This, as a matter of fact, implied operational control of the National Guards", the MP emphasized.

In his view, the forming of the National Guards on the basis of the Interior Ministry "has considerably weakened the Ministry, especially as regards the discharge of the functions imparted to the home troops".

A majority of members of the parliamentary committee for law and order, V. Nedryhailo said, share his view that an end should be put to the duplication by the National Guards of other law-enforcement bodies, hence the National Guards' units shall be places under the Interior Ministry, the Defence Ministry and Ukraine's Security Service.

European Experts Examine Problems of Ukrainian Churches

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1352 GMT 17 Oct 95

[FBIS Transcribed Text] KIEV, Oct 17 (Interfax - Ukraine) — The Ukrainian state shall turn over religious facilities to churches as their property, said Metropolitan Filaret, Locum Tenens of the Ukrainian Orthodox Church - Kiev Patriarchate (UOC-KP). He was addressing a meeting with the delegation of the Committee for Legal Issues and Human Rights of the Parliamentary Assembly of the Council of Europe (PACE).

In his words, "the church property which was taken away by the former Communist regime is today returned only for use, but not as property of churches".

Metropolitan Filaret believes that "it is necessary to pass in Ukraine a special law sealing the right of ownership for religious organizations".

The leaders of the Ukrainian religious confessions, who attended the meeting, touched upon other problems, which, in their view, hamper normal activities of churches.

According to Yakov Bleich, the Chief Rabbi of Kiev and Ukraine, the high taxes and rates of pay for the use of premises and utilities are in the way of a normal revival of spiritual values in Ukraine.

Yuriy Boyko, Archpriest of the Ukrainian Autocefallous Orthodox Church said that "the state is as before trying to influence through its idelogical structures church life in our country".

In his view, "it is necessary to liquidate immediately the government structures administering religious organizations, and turn their legal functions to Ukraine's Justice Ministry".

Vasiliy Sereda [name as received], deputy minister for nationalities and migration noted that the "rapid revival of religious organizations prevents the state from giving them adequate assistance because of a shortage of funds". Yet, the Deputy Minister emphasized, "the state wishes to give equal assistance to all the 70 religions in Ukraine".

"The Ukrainian leadership is very much concerned over the sharp politicizing of religious life in the country and interference of political forces in the activities of religious organizations".

The 25-men PACE delegation arrived in Ukraine to analyze a number of laws for their correspondence to international standards before the final decision is passed on Ukraine's admission to the Council of Europe.

Explosion at Donetsk Stadium Staged by 'Professionals'

LD1710133195 Moscow ITAR-TASS in English 1207 GMT 17 Oct 95

[By Anatoliy Gordeyev]

[FBIS Transcribed Text] DONETSK, October 17 (Itar-Tass) — The explosion that shook the Shakhtar stadium in Donetsk, was staged by top-class professionals, police colonel Arkadiy Boldovskiy from the Donetsk Interior Department said. According to Boldovskiy, local and Kiev specialists came to this conclusion on the basis of results of the examination right at the scene of the crime. The explosive device was laid so carefully that the explosion affected only those against whom it was directed, specifically, Akhat Bragin, director-general of the trade firm Lux, one of the biggest in Donetsk, and president of the Shakhtar football club, as well as his bodyguards. Five of them were torn to pieces, and the sixth one died of numerous wounds and injuries on the way to a hospital. A woman from the stadium's personnel, who happened to be in the zone of explosion, was thrown aside by a shock wave, was gravely injured and is now at an intensive-care unit of the regional Kalinin Hospital.

The public prosecutor's office of the city instituted criminal proceedings on the incident. The case is being investigated. Senior officials from the Ukrainian Interior Ministry and, according to the unconfirmed information, from the security service, came to Donetsk. Representatives of the law enforcement agencies are sure already that the crime has nothing to do with football. Yevgeniy Lemeshko, commissar of the match of the republican championship between Shakhtar from Donetsk and Tavriya from Simferopol, that was cancelled after the explosion, said as much on Sunday in his report to the Ukrainian Football Federation.

The Ukrainian Football Federation in Donetsk expressed condolences to the families of the deceased, a spokesman for the Shakhtar football club told Tass.

Economic Issues

Minister Discusses Foreign Trade Policy

WS1710113395 Kiev KIYEVSKIYE VEDOMOSTI in Russian 7 Oct 95 p 6

[Interview with Serhiy Osyka, minister of foreign economic relations and trade, by Petro Serhiyenko; place and date not given: "New Priorities of Ukraine's Foreign Trade: First Russia, Then Europe" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **At the end of September, the Ukrainian Cabinet of Ministers submitted its action plan to the Supreme Council for consideration. It is thus interesting to listen to, as the saying goes, first-hand opinion — that of the Ukrainian minister of foreign economic relations and trade, Serhiy Osyka.**

[Osyka] According to the president's program, the strategic goal of foreign trade policy is to balance imports and exports by the end of 1996. This task will be resolved by achieving a positive balance of foreign payments by increasing exports and simultaneously reducing imports.

[Serhiyenko] Are there currently preconditions to accomplish this task in Ukraine?

[Osyka] During the process of liberalizing foreign trade, a swift transition from completely non-tariff regulations to a system of foreign economic regulations was carried out with the help of purely economic levers. Given the evident decline in domestic production, we achieved an increase in the volume of exports, opened new markets, and managed to expand the circle of exporters and reduce the number of domestic brokers in foreign economic operations. True, a significant portion of our export earnings is still not returning from abroad, the effectiveness of exports is falling, and a tendency to conclude barter deals is growing. I personally consider this to be a negative consequence of the excessively rapid liberalization of the export system.

Unfortunately, the Ukrainian economy still maintains quite a high level of import-intensiveness. This indicator exceeds the $7-billion mark as regards certain sorts of energy sources and raw materials alone (except for Kazakh nonferrous metals and Middle Asian cotton). If deliveries of essential imports are insufficient, our export capabilities will proportionally decrease.

Proceeding from this, we must take a number of measures in two directions. The first direction is to stimulate an increase in exports. This includes a long-term program for targeted assistance for exporters, as well as medium-term programs for assisting producers of goods and technologies that can replace imports, which we are going to draft by the end of this year.

Along with the program for financial assistance, it is also essential to draft legislative acts aimed at decreasing the taxation burden on producers-importers on the one hand, and at reducing exemptions and the unjustified number of current restrictions and prohibitions expanding the taxation basis and, as a result, reducing budget deficit, on the other hand. We also consider it to be quite important to set up special non-budgetary funds to support export operations. They would grant commercial loans to the most efficient exporters.

The second direction is to conduct a flexible import policy based on a system of tariff regulations. The purpose of this is to let goods enter the market while proceeding from the principle of protecting domestic producers. We are also going to apply unilateral import restrictions, increase duties on certain products, and take other measures not prohibited by the GATT/WTO program.

[Serhiyenko] What will be the priorities of Ukraine's foreign economic development?

[Osyka] The economic ties with CIS countries, whose share in Ukraine's trade exceeds 65 percent (in terms of exports — over 55 percent, and in terms of imports — approximately 75 percent), will play a dominating role for Ukraine. Ukraine, however, sees the functions of CIS bodies as coordinating ones, and not supranational. The government believes that it is more advisable to conduct economic relations within the framework of the CIS at the interstate level. This can be confirmed by our country's associate membership in the CIS Economic Council.

In the area of foreign economic activities, our relations with the Russian Federation remain a priority, and this particularly refers to the establishment of a free trade system. Unfortunately, the free trade agreement signed between Ukraine and Russia on 26 June 1993 offers us virtually no preferences. Just the opposite, duties, the VAT (20 percent), and a special tax (3 percent) have been levied on the Russian Federation's exports to Ukraine. As a result, up to 80 percent of raw materials are shipped to Ukraine at prices 50 percent — and in the case of oil, 70 percent — higher than Russia's domestic prices. The result of this policy is an importation of inflation from Russia, meaning that our products are becoming uncompetitive on the Russian market. The introduction of a free trade system, according to a long-term plan that envisions the signing of a package of intergovernmental agreements in the course of the next two-four years, may improve the situation.

The EU market is also a priority of our foreign trade policy. The primary task is to implement the temporary trade agreement we have already concluded. It is necessary to take measures for improving Ukrainian goods' access to European markets. This relates to such exports as nuclear materials, textiles, mineral fertilizers, and metallurgical and agricultural products. Ukraine's integration with the EU requires that we set one excise tax and eliminate the differences between the lists of restricted imports and exports in Ukraine and the EU.

The government is going to contribute to the deepening of trade and economic relations with Near and Middle East countries as well.

[Serhiyenko] Which of our domestic problems represents the largest obstacle to the implementation of the plan?

[Osyka] First of all, it is the inadequacy between the pace of liberalization of foreign economic operations and the pace and scale of privatization of companies producing export goods. This does not allow us to balance our foreign trade, and at the current stage, requires more efficient management of state-owned enterprises, including harsh sanctions for violating economic legislation.

In light of our excessively open import policy, the government intends to take measures concerning both tariff and non-tariff regulations.

We have developed a system of numerated customs labels which will soon be introduced, in addition to the excise stamp on imported alcohol and tobacco products. According to preliminary estimates, if the volume of imports of these products is maintained at the current level, the budget revenues resulting from the introduction of excise taxes will amount to approximately 12 trillion karbovantsi. Last year, imports of these goods to Ukraine totalled around $645 million, which represented more than 5 percent of total trade.

To protect domestic industry, the government will present the draft Ukrainian Law "On Protection Against Imports That Represent Dumping Practices by Other Countries, Customs Unions, or Economic Groupings."

[Serhiyenko] How much attention does your ministry attach to the issue of returning hard currency earnings? What is your stance on the current hard currency legislation?

[Osyka] Hard currency earnings coming from exports do not return to the country for the following reasons: importer's insolvency or refusal to return the earnings; deliberate failure by residents to return hard currency; and, adding hard currency earnings to the property or authorized capital of joint ventures set up abroad. This can be confirmed by statements on hard currency assets remaining outside Ukraine's borders. The foreign hard currency assets of 82.3 percent of economic entities that have presented such statements amount to US$2.3 billion, 202 million German marks, and 1,079 billion rubles. But this money should have been working for the Ukrainian economy! This is why standard payment conditions for foreign economic agreements (contracts) and standard forms attached to foreign economic agreements envisioning payments in hard currency have been introduced. We also hope that the Presidential Edict "On a System of Obligatory Insurance on Foreign Economic Operations," which has recently been drafted by the Cabinet of Ministers, will also help us resolve this problem.

The issue of transferring or investing hard currency abroad as contribution to the authorized capital of joint ventures set up abroad remains open. On the one hand, this implies concealing hard currency, and on the other hand, this is export of business capital and establishment of branches and sister companies abroad. This makes it possible for Ukrainian companies to avoid customs barriers by expanding markets for their own products in countries in which their branches are established.

I think the issue of returning hard currency must not be resolved merely by imposing control and making someone responsible without taking into account the objective economic and legal situation. The excessive taxes, the lack of an efficient banking system and guaranteed right to possess hard currency, the great number of economically unfounded restrictions, the bad climate for investment, and the constant changes in the investment legislation that do not take into account the interests of investors themselves bring about the escape of capital from Ukraine for purely economic reasons.

[Serhiyenko] Will the negative tendency to dominate foreign economic operations by barter deals be overcome?

[Osyka] In 1994 and early 1995, the most competitive goods were objects of barter operations. As a result of the disruption of price parity in many barter deals, the effectiveness of trade dramatically declined.

The first step toward state regulation of barter trade was the Presidential Edict "On Regulating Barter Operations in the Area of Foreign Economic Activities." An improvement has already been observed since the edict was adopted. Thus, the share of barter deals as of the end of March was 41.5 percent, as of the end April — 38.9 percent, and in May — 36.8 percent, which raises hopes that the outflow of domestic capital in the form of goods will be reduced.

However, given that a majority of our products are uncompetitive at the world market, our businessmen will continue to use barter trade for a certain period of time.

The government is therefore going to draft a package of normative acts which would fully secure state regulation over barter operations. This, in turn, will positively affect the expansion of the hard currency market, strengthen the national currency, and reduce the budget deficit.

[Serhiyenko] Is the importance of Ukraine's membership in GATT/WTO not exaggerated compared with membership in other international economic organizations?

[Osyka] While the IMF and the World Bank played an important role at the initial stage of reforms, the membership in GATT/WTO is one of the most important long-term conditions for stable and predictable development. Ukraine's accession to the GATT/WTO system will ensure our economic security, success of economic reforms, and our attractiveness for domestic and foreign businessmen. This also means guaranteed access to world markets for goods, labor, and services through corresponding rights to protect our interests in world markets, as well as positive trade and payment balances, a lower budget deficit, more opportunities to attract foreign investors, and the protection of domestic producers' interests.

Thanks to the common harmonization of the foreign economic and investment system, an indirect effect of foreign investments alone may amount to the $10 billion Ukraine needs to carry out structural transformations.

[Serhiyenko] What will be the first steps in the process of Ukraine joining the GATT/WTO?

[Osyka] Talks on a mutual access to commodity markets, that is, negotiations on tariffs and concessions concerning tariffs, are supposed to be held in November 1995. We have thus decided to develop a concept of transforming Ukraine's tariff system during the period of 1996-2005 for talks with the GATT/WTO, prepare a timetable for concessions corresponding with the requirements and principles of the Uruguay Round of GATT talks for the period up to the year 2010, and draft legislative acts on issues concerning the jurisdiction of the GATT/WTO system, including a procedure for examining these drafts' compliance with GATT norms and principles.

The national economy will receive qualitatively new systems of customs controls and tariff and non-tariff regulations, as well as systems of export and import licenses, standards, identification of the origin of goods, statistics, subsidies for branches of the national economy, and protection of domestic producers (particularly those of textiles, steel, agricultural products, and the aviation industry's products) against losses that may result from imports.

[Serhiyenko] How are our relations with the most developed countries, primarily with G-7 countries, expected to develop?

[Osyka] These countries are potentially the most important source of new technologies and high-technology products, as well as the largest source of foreign investment. The priority spheres of cooperation with them are the agroindustrial complex, power engineering, telecommunication, the space industry, conversion of the defense industry, and the health care sector.

In light of the need to find alternative energy sources and diversify imports, the government will contribute to the deepening of trade and economic relations with Near and Middle East countries. Countries from this region have one of the largest free capital in the world, and represent a large arms market. The establishment of a treaty basis, which would make it possible to develop trade and economic relations with countries from this region, is one of the most important tasks for the government.

The potential market of industrialized Asian countries is very important to sell Ukrainian traditional industrial products (rolled metal, heavy machines, intermediate-technology machine-tools, mineral fertilizers, and other chemical products) and receive relatively inexpensive, though high-technology products.

The markets of South Africa and certain African and Latin American countries are particularly important to ensure the development of Ukraine's national economy, all the more so since for many years Ukraine has exported goods to these countries.

Belarus

Hryb Asks Court To Check Legality of Government Changes

LD1710202295 Moscow INTERFAX in English 1852 GMT 17 Oct 95

[FBIS Transcribed Text] MINSK, Oct 17 (Interfax-West) — Belarusian Parliamentary Chairman Mechyslaw Hryb asked the republic's Constitutional Court to check the legality of a presidential decree on government reshuffles Tuesday. The court had already accepted five presidential decrees for consideration.

President Alyaksandr Lukashenka has recently appointed two deputy prime ministers, a defense minister and an acting interior minister to replace the ones he sacked.

Hryb told a news conference in Minsk Tuesday that such reshuffles must have been authorized by the parliament under the Belarusian Constitution. However, Lukashenka had not requested Supreme Soviet approval of his candidates, he said.

The chairman of the parliamentary commission for legislation, Dmitriy Bulakhov, told the same news conference that his commission was preparing another request to the Constitutional Court on a number of other presidential decrees.

Commenting on the referendum on Russian-Belarusian political and economic integration initiated by Russia's Federation Council, Hryb said that this referendum runs counter to the Belarusian Constitution. Such rash actions which do not consider the other side's opinion may only lead to negative consequences for both nations, he added.

Asked about the Belarusian parliament's plan of action, Hryb said that the Supreme Soviet will resume plenary meetings when Prime Minister Mikhail Chyhir and Finance Minister Pavel Dik present a draft budget for 1996 and report on the performance of this year's budget.

National Front Protests Banning of Newspapers

WS1710120195 Minsk BTK Television Network in Belarusian 1900 GMT 14 Oct 95

[Video report by A. Lukashevich]

[FBIS Translated Text] Sessions of the Belarusian Popular Front [BNF] Council and of the BNF Party were held in Minsk today. The meeting was closed for journalists given that internal policy issues were discussed. As we have found out, the issues of the elections and of fielding candidates for Supreme Soviet deputies were addressed during the first half of the session. The BNF Party nominated 62 candidates, and as Leon Barshchewski said, the BNF's activities in the majority of electoral districts are coordinated with other democratic parties. After the recess, a statement was drafted protesting the banning of such publications as NARODNAYA VOLYA, BELARUSSKAYA DELOVAYA GAZETA, and IMYA.

Economics Minister Badzey Views Situation

WS1710153295 Minsk SEM DNEY in Russian 14 Oct 95 pp 1,2

[Interview with Economics Minister Heorhiy Badzey, by Anzhela Zhylach; place and date not given: "Nobody Will Maintain Belarus" — first paragraph is SEM DNEY introduction]

[FBIS Translated Text] Belarus is quagmired in debts, its hard currency "eaten away," economic reforms are too slow — these are statements that have been made by some U.S. and Polish economists studying processes that are now under way in CIS countries, including Belarus. How justified are these statements and what is the real condition of the Belarusian economy? The SEM DNEY correspondent directed these and some other questions to Belarusian Economics Minister Heorhiy Badzey.

[Badzey] Although I would not like to give you an explicit answer, the economic situation is complicated... On the one hand — and this has been noted by experts — the economy has reached a certain degree of stability at the macroeconomic level, which is very important for the Republic. This allows economic entities and entrepreneurs to feel more confident, predict their actions, and work on projects connected with production. I cannot help but note the rapidly decreasing pace of inflation. It was 3.8 percent this September despite the fact that forecasts made at the beginning of this year were pretty pessimistic. It was expected that inflation would reach 40 percent, or even more, by the end of this year. Also important for our economy is the stability of the Belarusian ruble — it may be even too stable! After all, when the ruble was very shaky, no one needed it. Now, however, an opposite thing is happening — everyone reckons with this currency, asking themselves where it can be earned and how it can be spent. Considering all this, one can say that the overall economic situation is becoming more favorable.

On the other hand, industrial and agricultural production is continuing to decline. The Republic is losing its traditional markets on which the products manufactured by Belarusian enterprises used to be widely sold. A good example is the Minsk Tractor Plant. This enterprise was built based on the needs of a large state. While practically all former Soviet republics needed tractors produced at this plant in the past, even waiting in line to buy them, we are now faced with a totally different situation — demand for our tractors has dramatically fallen. Confronted with such a reality, enterprises surely find it very difficult to work as they did in the past, without problems. Consequently, they are faced with the need to retool their productions to turn out different and more competitive kinds of products. But this requires funds and investments, and not just them. The enterprises need new specialists who would make new and creative decisions.

[Zhylach] But another reason why production brings no profits for our enterprises today is that most of their sales income is decimated by taxes. Besides, they have to make payments to the budget, suppliers...

[Badzey] We have already prepared a new draft law on taxes. It is planned that it will be activated in 1997. We have also prepared changes intended to gradually decrease tax brackets from 50 percent to 44 percent by the year 2000. It is, however, a matter of not only taxes but also enterprises themselves, particularly when it comes to the sphere of production. The Minsk Refrigerator Plant and the "Integral" Production Amalgamation [manufacturing electronic equipment] are maintaining their production at a high level. These enterprises are oriented toward both the domestic and foreign markets, earning money and making timely payments to the state budget. But if you just sit around and wait for the tax system, or something else, to change, without undertaking any active and resolute measures, you will surely get nowhere, particularly in the market economy. All states in the world put major emphasis on production. But taxes were and will always be necessary.

[Zhylach] How much attention did the new Program of the Social and Economic Development of Belarus by the Year 2000 attach to enterprises? What are the priority development directions that it specified?

[Badzey] This program sort of picks up where the "Program of Urgent Measures To Deliver the Belarusian Republic From the Crisis" left off. This document is also known as the anticrisis program, devised in 1994. A distinctive feature of this new program is that it has been developed in a more detailed way. It reflects and projects a long-term development of economic processes in the Republic related to the activities of enterprises and industry in general and state reconstruction, curtailment of budget expenditures, taxes, credit and financial policies, privatization, stopping the decline in production, and support for private initiative in particular.

In compliance with this program, the non-state economic sector will represent about 50 percent of the national economy in the year 2000. By 1997, we are planning to complete the certificate privatization and transform enterprises operating in the light, food, and wood-processing industries into joint-stock companies. Of course, we also considerthe current economic development priorities: food, exports, investments. It stands to reason that a lot will depend on those who will implement projects in the above industries and the Ministry of Economy in the first place. But it is too early to talk about the program's implementation, as it has so far only been approved at the Cabinet of Ministers collegium, and it should be finally adopted by the president.

[Zhylach] Belarus has accumulated considerable debts. Its debt to Russia's "Gazprom" alone amounts to $70 million — a sum that sooner or later will have to be repaid...

[Badzey] One way or another, we will repay all of our debts — by earning or taking credits from someone. Such practices are only too natural and applied throughout the world. No state has ever gone bankrupt because it borrowed a reasonable amount of money. Belarus is the last state that is threatened by this. Such fears are absolutely ungrounded. Speaking about commitments to Russia — concerning oil supplies, for example — Belarus always settles payments on time. Things are worse when it comes to gas supplies. But in this sphere, too, we do better than Ukrainian and Russian debtors. We cover about 90 percent of our payments, while they cover only 40 percent.

Speaking about foreign credits in general, especially those for enterprises, the government is planning to introduce some changes here that are warranted by time and intended to improve the mechanism of their approval and timely repayment. In the future, it will be economic entities themselves which will have to repay credits they borrowed. It is possible that repayment of such credits will be guaranteed by the state, but the enterprises will assume most of the risk...

[Zhylach] Many economists pin great hopes on privatization, which is one of the factors determining the country's economic well- being. What do you think about this.

[Badzey] From the very beginning, our country did not conduct it correctly and systematically. This particularly applies to the state property. The process of its destatization was not regulated clearly enough. Today we need to adopt a completely different approach, even though we had certain achievements in the past, too. The current practice of auctioning off facilities selected for privatization is still acceptable. Auctions are necessary first of all to attract investors. We have long sought to find an owner — the owner who would put his money in a privatized enterprise and make this capital "work" for the future.

[Zhylach] Is there a visible correlation between the increasing dollar exchange rate and the inflation rate? Is it possible that inflation will again significantly jump toward the end of this year?

[Badzey] There is no direct correlation between the dollar and inflation rates. But they are related to some extent. As for the rising inflation rate, I can positively state that this will not happen. I can make another absolute prediction: Inflation may even go down.

[Zhylach] Economic reforms are vitally important and warranted by time. What if at some point Belarus slows their pace, taking a waffling position? What will happen to the national economy?

[Badzey] In this case, Belarus will face bleak prospects, worst of which are pauperization and declining standards of living. Should this happen, no one will be willing to maintain Belarus. To head off such an outcome, every individual should care about the well-being of his country. Nobody should count on charity from anywhere or beg the state for different things. We must work, because it is not only about reforms, but also about people who implement them.

Moldova

Ministry Denies NATO Aircraft Landed at Military Base

AU1810081895 Chisinau INFOTAG in English
1930 GMT 13 Oct 95

[FBIS Transcribed Text] Chisinau, October 13 (INFOTAG) — The Moldovan Ministry of Defence has refuted rumours that NATO aircraft had landed at the military airdrome in Marculesti. These rumours are being actively spread by Tiraspol. INFOTAG correspondent was informed in the Dniester administration that NATO's 3 cargo planes and several jet fighters had landed in Marculesti.

"No foreign aircraft landed at the republic's main military airdrome, and no such flights were even planned," the Moldovan Defence Ministry told INFOTAG.

Such rumours could appear due to the current visit to Moldova of Major General Gunnar Lange, Director of the Partnership for Peace Coordination Cell, a ministry official said.

"But the NATO General arrived in Chisinau with a regular international passenger flight, and the rumours could have appeared because the Tiraspol administration believes Moldova is seeking to join NATO. Let me remind once again that Moldova's cooperation with NATO is restricted only to the Partnership for Peace programme, which does not yet mean we are already in NATO," a high-ranked ministry official said.

Dniester Minister Calls Arms-Sales Story 'Lie'

AU1810082395 Chisinau INFOTAG in English
1930 GMT 13 Oct 95

[FBIS Transcribed Text] Chisinau, October 13 (INFOTAG) — The defence minister of the self-proclaimed Dniester Republic, Lieutenant General Stanislav Khazheyev, has refuted information about his selling arms.

Last Saturday [7 October], the Russian television's programme "Top secret" announced that the defence minister was trading weapons overtly.

"This is a monstrous lie, an information made to order, and aimed at undermining Dniester's image and at liquidating the republic as such. To export arms from Dniester one has to be not just an idiot, but a full idiot," Khazheyev stated over the Dniester radio.

The minister has explained that the contract with an Odessa-based company, mentioned by the Russian television, was concluded not for sales but for the purchase of weapons and munition for Dniester special-purpose army units. Tiraspol purchased from Odessa carbines, pistols, paratroopers' knives and helmets, and other special-purpose items.

He also refuted the Russian TV's information that the ministry received 100 vehicles and 7 army personnel carriers from the Dniester-deployed Russian troops.

"I hereby plead with full responsibility that I have never received even a single rotten nail from the 14th Army. And, most probably, will not receive anything in the observable future," the General stated.

Dniester's Maracuta Fears Consequences of Labor Unrest

AU1710182195 Chisinau BASAPRESS in English
1930 GMT 16 Oct 95

[FBIS Transcribed Text] Chisinau 16/10/1995 (BASA-press) — Tiraspol thinks the anti-governmental protest actions on the right bank of the Dniester may affect the process of negotiations regarding the settlement of the Dniester conflict. Grigore Maracuta, speaker of the Supreme Soviet of the self-proclaimed Dniester Republic, told BASA-press that "Moldova like any other state may have domestic problems, but any protest action will influence negatively on the talks." In his opinion, a possible dismissal of Premier Sangheli's government might complicate the talks, because there is some cooperation links with this government. Another government will have to start everything from the very beginning. He stated that "the present government will find a possibility to satisfy the economic demands of the strikers."

Referring to the economic situation in Dniester, he did not exclude similar protest actions here. "All the more so as there are some forces which would like to seize the opportunity of the complicated economic situation in Dniester before the elections in the Supreme Soviet," Maracuta said. At the same time he stressed that "the present situation in Dniester is stabilizing and a possible economic take-off is not far away."

Kazakhstan

Washington Talks Mark Renewed Cooperation Commitment

MM1610132095 Moscow KRASNAYA ZVEZDA in Russian 14 Oct 95 p 2

[Report by Anatoliy Ladin: "United States Promises Additional Aid to Kazakhstan"]

[FBIS Translated Text] The results of the latest session of the joint Kazakhstani-U.S. committee in Washington indicate the sides' intention of continuing their cooperation in a number of spheres. Thus, contacts will become closer in strengthening the mandate of the Nuclear Nonproliferation Treaty, in the policy of security, in defense-industry conversion, and in the control of nuclear materials in Kazakhstan. Acknowledging the importance of Almaty's refusal to have nuclear weapons, Washington reaffirmed its commitment to give Kazakhstan additional aid in 1996 "to strengthen security."

The United States and Kazakhstan have decided to conduct joint exercises in eliminating the aftermath of natural disasters within the framework of the "Partnership for Peace" program. Kazakhstani Defense Minister Sagadat Nurmagambetov is scheduled to visit the United States this November.

President Appoints Kasymov as New Defense Minister

LD1610153695 Moscow ITAR-TASS World Service in Russian 1506 GMT 16 Oct 95

[FBIS Translated Text] Almaty, 16 Oct (ITAR-TASS) — Kazakh President Nursultan Nazarbayev has appointed General Alibek Kasymov, 41 years old, as the new defense minister of the Republic of Kazakhstan. Earlier, he worked as the first deputy head of the military department as head of the General Staff of the Kazakh Armed Forces.

The rank of general was conferred this year. Kasymov graduated from the Frunze Military Academy, served in the military districts in the Baltics and Caucasus and, since 1992, he has been serving in the Kazakh Army.

The previous minister, General Saghadat Nurmaghambetov, a hero of the Soviet Union and of Kazakhstan, who has turned 70, has become a presidential adviser.

'Gloomy' Outlook for Radioactive Waste Disposal

LD1710123895 Almaty KARAVAN-BLITZ in Russian 12 Oct 95 p 2

[FBIS Translated Text] Almaty — Many enterprises (about 120, to be precise) work with radioactive sources on the territory of our capital. These are radioisotope devices, gamma-directoscopes, and very powerful irradiation installations. Upon expiry of its period of use, each device is supposed to be buried in a special burial place or at radioactive waste storage sites.

As of today, there is not a single special site for burying radioactive waste in our republic. At the same time, in Almaty alone, over 4,000 sources that have outlived their usefulness already need to be buried. Their number is increasing every month. If we take the republic as a whole, then the picture is quite gloomy, Tuseyn Ozhakhliyev, head of the Radiation Hygiene Division of the city Sanitary and Epidemiological Directorate, says.

It turns out that a special burial place on the territory of the Institute of Nuclear Physics has been closed for already three years. Radioactive waste, as it is accumulated, presents a potential danger. Naturally, supervision of it is weakening. This could lead to a radiation accident, contamination of equipment, and even to irradiation.

As we have managed to find out, on the territory of the Semipalatinsk test site, there is the Baykal-1 complex, which is intended for reception and long-term storage of used radioactive sources (until a special burial place is built). As Tuseyn Ozhakhliyev told us, the problem is that an excessively high price has been set there for storage and that today not a single organization can use the services of the complex.

Whereas in the past (roughly until last year) it was possible to bury radioactive waste in the former Union republics, now they do not take this waste. It is hardly worth holding this against them. After all, the period of decay of some sources is hundreds of thousands and even millions of years — that is, it is impossible simply to destroy them. As far back as 1979, a decision was taken by the former Council of Ministers [not further specified] to build waste burial sites in three Regions of Kazakhstan. Unfortunately, it was never fulfilled. For example, the industrial structures erected for a burial site in Akmola Region were leased to commercial organizations and in the other two Regions building did not start at all.

Azerbaijan

Two Oil Routes Seen as Stabilizing Factor

MK1710065695 Moscow NEZAVISIMAYA GAZETA in Russian 14 Oct 95 p 3

[Commentary by Mekhman Gafarly: "'Oil Contract' as an Integrating Factor. Transcaucasus on Threshold of Long-Awaited Peace"]

[FBIS Translated Text] The decision by the steering committee in charge of the contract on joint development of three [oil] fields in Azerbaijan's Caspian Sea sector to make use of Russian and Georgian routes to pipe early Azerbaijani oil to world markets could bring long-awaited political stability and help revive the idea of a "Common Caucasus Home." As we all know, this idea conceived by the late Zviad Gamsakhurdia was buried at the conceptual stage by a lack of political stability in the region. It is unthinkable to speak of any home before the single economic space that existed in the Soviet years has been restored. The practical experience of recent years indicates that the armed ethnic conflicts going on in Nagorno-Karabakh, South Ossetia, and Abkhazia have only brought the economic collapse and disintegration of these countries. The Georgian pipeline route that will bring Tbilisi many millions in profits will mark the first step in restoring the former single economic space, whereas the Russian route will ensure political stability in the region. The final decision by the international oil consortium on using the Russian route alongside the Georgian route was made in consideration of Russia's national interests in the region, which will end the fundamental differences between Russia and Western countries participating in this project. Following long political maneuvering, the Western oil barons became convinced that the key to resolving the armed ethnic conflicts in the Transcaucasus is to be found in Moscow. Therefore, one should also expect genuine progress in solving the Karabakh conflict.

As never before, Russia is interested today in stability taking h?ld in the Transcaucasus. Continued conflicts in Transcaucasian republics could bury not?only the Georgian, but also the Russian route, because instability could spill over at any moment into the Northern Caucasus, where the Russian oil pipeline runs. Therefore, the international oil consortium's decision is more likely of an exploratory nature, and for the time being these routes will be used to pipe only early Azerbaijani oil. Should there be instability in the Northern Caucasus, the idea could again crop up of using alternate routes to pipe oil not only from Azerbaijan, but also from the Central Asian republics. The Russian oil pipeline would enable Moscow in the future to control the flow of oil from Azerbaijan, Kazakhstan, and Turkmenistan.

Growing stronger against this background are the positions of Georgia's head Eduard Shevardnadze and Azerbaijani President Geydar Aliyev, who blamed the latest terrorist acts and coup d'etat attempts on some Moscow forces. The former showed, in connection with the consortium decision, that he still enjoys international prestige, while the latter once again demonstrated his ability to maneuver between the West and Russia, hurting no one's interests. Clearly, it is better for Moscow to have as a neighbor today's stable, "pro-Western" Azerbaijan, rather than an unstable country with a "pro-Moscow regime." Tajikistan's experience indicates that under the present circumstances instability anywhere in the "\?ar abroad" [as received] does not benefit Moscow either economically or politically.

Turkish Embassy Denies Policy Change on Georgian Pipeline

NC1710190595 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 17 Oct 95

[FBIS Translated Text] The Turkish Embassy press service reports that in its 14 October issue, the newspaper AYNA [Mirror] published an article which quoted KHABAR SERVICE [News Service] agency as saying that following the decision to simultaneously operate two oil pipelines Turkey has reneged on its promise to finance the export of Azerbaijani early oil through the Georgian pipeline.

The Embassy's press service announced that this report in no way conforms with reality. It said that Turkey had advanced two different proposals to facilitate the export of the early oil through Georgia. The first proposal was for Turkey to finance this pipeline, and the second proposal envisaged its construction by forming a joint enterprise of the participating countries. Both of Turkey's proposals are still available, and talks will begin soon on getting the Georgian route into operation.

Georgia

Defense Minister Says CIS Military Bloc 'Inevitable'

LD1710181295 Moscow ITAR-TASS in English 1747 GMT 17 Oct 95

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, October 17 (Itar-Tass) - Georgian Defence Minister Vardiko Nadibaidze on Tuesday supported an idea to set up a military bloc of the Commonwealth of Independent States (CIS).

"I believe that a military bloc of CIS countries is inevitable. It will be created, since no military cooperation between CIS countries is possible without it," the minister told a news conference.

According to the minister, Georgia's military doctrine has been approved by the leadership of the Defence Ministry and will be made public after November presidential and parliamentary elections.

After that, the doctrine will be submitted for endorsement by the parliament and the president, Nadibaidze said.

Nadibaidze rejected statements of some politicians that officers from Russian troops stationed in Georgia had been allegedly involved in an assassination attempts against Georgian leader Eduard Shevardnadze staged on August 29.

Nadibaidze said that he and Interior Minister Shota Kviraia join in conviction that such allegations are nothing but a slander.

Russian Troop Command Denies Backing Coup Attempt

MM1810105195 Moscow KRASNAYA ZVEZDA in Russian 17 Oct 95 p 3

[Article by Vitaliy Denisov under the "Events and Commentaries Postscriptum" rubric: "Hand of Moscow Appears. Group of Russian Forces in Transcaucasus Command Refutes Allegations That It Is Preparing To Establish 'Russian Military Freedom' in Georgia"]

[FBIS Translated Text] Discussion of the existing and possible consequences of the 29 August explosion outside the republic parliament building, when an attempt was made on the life of Georgian head of state Eduard Shevardnadze, continues in Georgia. Passions have not abated following the arrest of the perpetrators of this and other terrorist acts and the publication of their organizers' names. The campaign demanding that the Russian side extradite Lieutenant General Igor Giorgadze, former chairman of the Georgian security service, who is wanted and whom certain circles in Moscow are apparently trying to harbor from justice, is becoming increasingly hysterical. Moreover, it is those forces which would like a change of Georgia's foreign and domestic policy which are sheltering the "terrorist on an international scale," as Giorgadze has been dubbed by the Georgian press.

But certain politicians in Tbilisi are not confining themselves to making claims against their northern neighbor just in connection with Giorgadze's name. Thus Irakliy Batiashvili, former chief of the Information and Intelligence Service (later renamed the State Security Service), stated that terrorist acts in Georgia are the result of a clash of geopolitical interests and the 29 August explosion was not solely aimed at eliminating Shevardnadze. In the retired general's opinion it was an attempted coup d'etat and the putschists were relying on the Group of Russian Forces in the Transcaucasus [GRFT] command, which was allegedly prepared to order units and subunits to help the new authorities establish a state of emergency throughout Georgian territory. "The coup was coordinated with certain Russian military-political circles, therefore in the event of Shevardnadze's elimination the country would unequivocally have come under Moscow's sphere of geopolitical influence and Russian military freedom would have been established in Georgia," Batiashvili concluded.

The desire to see the actions of "Kremlin agents" behind Georgia's own troubles and problems is not new. People in Georgia itself have become so accustomed to it that it is viewed in the same way as good seasoning for a kebab. But the specific allegations against the GRFT cannot fail to put us on our guard. They could be followed by a wave of outpourings against the Russian presence on the republic's territory, which are unlikely to take civilized forms. The situation concerning Russia's military bases is not very good as it is. For example, while not one case involving an attack on GRFT facilities was recorded in 1994, this year the GRFT headquarters alone has been fired on twice, and once a powerful explosive device went off at the entrance to the building. Last year the number of casualties among Russian servicemen was five, this year it is already 17....

Commenting on Batiashvili's statement, Lieutenant General Pavel Labutin, chief of staff and first deputy commander of the GRFT, stated: "The allegations against the GRFT command concerning its readiness to support an attempted coup d'etat in Georgia are absolutely groundless and, moreover, are provocative. I state that Russian military personnel in the region are carrying out clear and specific missions to ensure the security of both Russia and Georgia and in no way are influencing or will influence a friendly country's internal affairs. We are interested in a peaceful and stable Georgia, which has been repeatedly stated by the Russian Federation leadership."

Parliament Signs New Constitution Into Law

AU1710152595 Paris AFP in English 1027 GMT 17 Oct 95

[FBIS Transcribed Text] Tbilisi, Oct 17 (AFP) — Georgian parliamentarians signed their country's new constitution into law Tuesday after a six-week delay caused by a car bomb attack on the country's leader Eduard Shevardnadze.

Shevardnadze was on his way to sign the constitution on August 29 when a car bomb exploded near his motorcade, lightly wounding him, another government official and several bodyguards.

The signing ceremony was re-scheduled several times before finally taking place Tuesday in the country's recently reopened parliament building.

"Today is a very significant day, marking a beginning for democratic development," Shevardnadze said at the ceremony.

"The constitution provides a basis for a lawful state," he said, declaring August 24, the day the constitution was ratified by parliament, a national holiday.

He also said the constitution would act as a "stimulus to step up the war against the criminal world."

A new law-and-order campaign has been the theme of many of Shevardnadze's public speeches since the bombing attack. A massive police crackdown after the bombing netted hundreds of suspects.

Former security chief Igor Giorgadze has been charged with leading a group of conspirators who plotted the August attack and three other political assassinations over 19 months.

Giorgadze is now believed to be hiding in Moscow, and Georgian officials are trying to negotiate his extradition from Russia.

The adoption of the constitution by Georgia's notoriously fractious parliament was seen over the summer as a major step toward a less confrontational political environment. But even the signing ceremony did not pass without a hitch.

Deputies bristled at a suggestion by Shevardnadze that those who voted in favour of the document in August be allowed to sign it first.

In the end, the deputies filed up in alphabetical order.

The new constitution restores the post of president, which was abolished in a 1992 coup, and provides for a 222-member, single-chamber parliament.

Shevardnadze, who now rules Georgia as its parliament speaker and head of state, is widely expected to win presidential elections scheduled for November.

The simultaneous parliamentary polls should be more evenly matched, with opposition parties that are not fielding presidential candidates expected to win seats.

Shevardnadze Speaks on New Constitution

LD1710204395 Tbilisi Radio Tbilisi Network in Georgian 1800 GMT 17 Oct 95

[FBIS Translated Text] Seventeen October 1995 has become a historic day. On this day MPs and members of the constitutional commission signed the new Georgian constitution. The head of state and chairman of parliament, Eduard Shevardnadze, delivered a speech at the signing ceremony. We present to you an excerpt from this speech.

[Begin Shevardnadze recording] The new constitution was the result of historic cooperation between parliament and the people as well as the result of a sound compromise and constructive consensus reached by political forces. By adopting this constitution the Georgian Parliament will earn a prominent place in the country's history.

The constitution lays down the requisite conditions for the creation of a state based on the rule of law, an open civil society and socially orientated market economy. New legislative, executive, and judicial power structures as well as a strong parliament and presidency envisaged by the constitution reflect to the maximum extent the national and world ideals of constitutionalism and make the implementation of major reforms an irreversible process. There is now a full guarantee that the totalitarian state system will be completely and finally replaced with a democratic one. The road leading to the restoration of the past has been cut off forever. This puts an end to any demagoguery or genuine apprehensions about the danger of a return to dictatorship and the old regime.

The constitution has given us the strength to declare war on the criminal world. We have dealt lethal blows to terrorism, racketeering, murderers, and bandits. We have put an end to the rule of armed people on the streets, after which the population has heaved a sigh of relief. An uncompromising and unrelenting struggle has begun against mafiosos in state structures and corrupt groups which have been sucking the blood of the people, businessmen, entrepreneurs and bankers. The country is throwing off - I am saying this without exaggeration - the yoke of mafiosos and corrupt officials.

In effect, the state and the people are already living by the new constitution. At the centre of the constitution are people, citizens and their internationally recognized rights and freedoms. This, of course, also includes universally recognized norms concerning ethnic minorities. These norms are protected and guaranteed by the constitution.

The forthcoming parliamentary and presidential elections will be held in accordance with the new constitution and the new election law which reflects this constitution. I would not be an exaggeration to say that the new constitution of Georgia is the greatest legacy which 20th Century Georgia will hand down to the country entering the third millennium and to future generations.

I propose that we pass a resolution declaring 24 August, which is the day when our parliament approved the constitution, Constitution Day. I congratulate you, dear friends, citizens of Georgia, on Constitution Day. I wish you further victories and success in the struggle for the wellbeing of the homeland and the people. I wish you success in the forthcoming elections. God be with us. [end recording]

Republic Boosts Foreign Reserves to $20 Million

MM1710133395 Moscow IZVESTIYA [Financial Section] in Russian 17 Oct 95 p. 1

[PRAYM report: "Georgian National Bank Increases Foreign Reserves to $20 Million"]

[FBIS Translated Text] Over the past week the National Bank of Georgia has increased its foreign reserves by $1.2 million as a result of exchanging dollars for lari, the Georgian Government Press Service reports. The National Bank's foreign reserves have thus reached $20 million.

Central Bank Chief on Launch of New Currency

MM1710085795 Moscow ROSSIYSKAYA GAZETA in Russian 14 Oct 95 p 12

[Interview with Nodar Javakhishvili, president of the Georgian Central Bank, by unnamed correspondent; date and place not given: "Requiem for Coupon Was Short-Lived. National Currency Introduced in Georgia. Nodar Javakhishvili, President of the Republic's Central Bank, Discusses Problems Caused by This Event"]

[FBIS Translated Text] [ROSSIYSKAYA GAZETA] Mr. President, Georgia has officially introduced its own national currency — the lari. Could you tell us how the republic approached this event, what problems it had to face, and what the future benefits will be for its citizens?

[Javakhishvili] When we introduced the lari 2 October, it was not just the emergence of a new attribute of sovereign Georgia; other goals were being pursued as well. We were asked just what was happening — monetary reform or an exchange of old notes for new ones. I would call it monetary reform. A major reform which began not 25 September this year but more than 18 months ago, when the Central Bank leadership and the government embarked on major radical transformations of our economy and radical steps to establish financial stabilization in the republic.

Naturally I will be dwelling on issues in the financial sphere. Although I can briefly state that over the past 18 months-two years we have accomplished a very great deal in the sphere of political stabilization as well as in reducing crime. As for the financial sphere, as soon as the Central Bank leadership changed we rejected the so-called liberal policy and immediately switched to a tough strategy in the sphere of emission and lending. We stopped providing any inflationary [emissionnyy] loans to the national economy.

In July 1994 we transferred all budget accounts to the Central Bank and thereby shut off budgetary channels, because, under the old Soviet-era habit, budget funds were spent any which way during the year and we had forgotten that by the year's end it was necessary to draw up a balance sheet. Transferring all our foreign reserves to the Central Bank was a significant step.

Of course, price deregulation played its part as well. The coupon had strengthened steadily since 1 September last year. And we finally stabilized it as of 14 January and did not deviate from our choice of maintaining a steady rate for the coupon. The IMF program coincided with this period. Back in December last year we received our first tranche of a fund of around $40 million. This June we received the second tranche, and the question of allocating us another $25 million from the IMF has been examined since the end of September.

We have learned a lot this year, I think. This is shown by the fact that we kept the coupon rate stable without any problem. Both our own skeptics and, in certain cases, uninformed people think and believe that we maintained the rate solely with outside help. Some 80 percent of the currency intervention which we carried out was done through the 32-percent compulsory sales of foreign exchange. Only 20 percent of the funds used were made good by the IMF.

We have now reached a time and a a level of reform at which the state can no longer go on without its own currency.

[ROSSIYSKAYA GAZETA] Could you please tell us specifically how the coupons are being exchanged for lari?

[Javakhishvili] The exchange process is entirely free. There are no restrictions on the amounts of coupons exchanged, we are not differentiating between cash and noncash funds, and we are not demanding to see any documentation. Nobody will be asking citizens anywhere about the provenance of even very large amounts of coupons. And I would also like to stress that we have conducted purposeful information work about the aims and tasks of the monetary reform. We have thereby won the population's undoubted confidence both in us as financiers and in the new currency. We are satisfied that the lari is a very well-protected currency. Large-denomination notes boast 17 security features.

[ROSSIYSKAYA GAZETA] Mr. President, in Russia financiers and, in particular, Central Bank leaders often encounter pressure from certain groups calling for additional appropriations throughout the financial year — calls which boost inflation. Have you in Georgia encountered similar problems?

[Javakhishvili] Yes, of course, but not on the same scale as in Russia. Although I have to say that at certain stages the pressure was strong. Three times we showed society what such demands could lead to. In November 1993 I told parliamentary deputies that, if they forced us to print coupons, it would lead to serious inflation. They did not heed us. The second instance was in January-February 1994, when the coupon had stabilized and had even begun to strengthen. A decision was made to issue additional appropriations. I, as bank president, knew what this would lead to, but I make no secret of the fact that I wanted people to see for themselves the results of their demands on the financiers. Once again our economy suffered a most grievous blow, prices shot up, and inflation was rampant. The last time this happened was in July 1994. Parliament had spent a long time debating additional appropriations. Then, entering the debate, I stated that if this decision were adopted the coupon would once again fall a certain number of points and hyperinflation would take off. But the decision came down in favor of additional appropriations, and society saw for itself for the umpteenth time that this is no way to be running our financial affairs. I will not say that there is currently no pressure on the Central Bank. But both the head of state and the prime minister are now turning down people who ask for additional expenditure — perhaps even more severely than the Central Bank president.

[ROSSIYSKAYA GAZETA] Mr. President, how will the problem of reciprocal transactions within the CIS and, in particular, with Russia be resolved in light of the introduction of the national currency?

[Javakhishvili] We have had and still have problems with reciprocal transactions with a whole series of CIS countries, in particular with Russia. Although Prime Minister V. Chernomyrdin's visit increased hope that this issue might be settled. The Russian Federation Central Bank has applied all the funds entering our correspondent account in Moscow toward paying off Georgia's debt, even though this was not stipulated under our agreements. We were promised that they would not do this any more and that our correspondent account would operate normally. We even received a promise that whatever had been withdrawn would be repaid. Most importantly, this is laid down in the documents signed by V. Chernomyrdin and E. Shevardnadze — the Russian banks were to accept Russian cash rubles from our banks in Georgia to strengthen their correspondent accounts. This means that the huge mass of Russian rubles which is still isolated in a small republic and is giving rise to quite a big difference in the ruble-dollar rate compared with Russia will find that the road to Russia has been opened for it. Then a basis for noncash transactions will emerge.

I would go further — the question of opening branches of the Georgian banks in Russia and of the Russian banks in Georgia has been worked out at the legislative level.

[ROSSIYSKAYA GAZETA] Mr. President, our readers would be interested to know what funds the Georgian Central Bank will be using to maintain a stable rate for the new currency.

[Javakhishvili] For a certain period we can use monetarist methods to maintain a stable rate for the lari, which will in itself help the economy to get on its feet. The IMF program is due to last one year from the time the first tranche is received. But as of next year — if not sooner — we will be switching to the next stage of our relationship with the Fund. This will be a three-year program. It means that for three years we will have a balance of payments, a budget, and real revenues set for us and we will not be allowed to alter them.

Lari transactions will make everyone build their relationship on a legal basis. There will be increased controls in the sphere of fiscal policy. Tax revenue to the national treasury will increase and there will be increased bank liquidity and great opportunities for lending. Loans will become cheaper. By the year's end it will even be possible to cut tax rates.

Abkhaz Defense Minister Fears Provocations by Georgia

LD1710200795 Moscow INTERFAX in English 1946 GMT 17 Oct 95

[FBIS Transcribed Text] SUKHUMI, Oct 17 (Interfax) - Abkhazian Defense Minister Sultan Sosnaliyev told Interfax that Georgia could stage new provocations in Abkhazia's Gali district. Abkhazian Defense Ministry officials had earlier spoken of the possibility that Russian peacekeeping units will take part in the hostilities.

A senior ministry official told Interfax that Abkhazia was worried by the departure of General Vasiliy Yakushev, commander of the CIS peacekeeping force, to Tbilisi where he was summoned by General Fedor Reut, commander of the Russian Army Group in Transcaucasia.

The source believes that the two men could discuss the capture of the Gali district with the help of Yakushev's units that are part of the RAGT.

An officer in the peacekeeping force command confirmed that Yakushev left for Tbilisi but declined to comment on the aim of his trip.

Estonia

President Asks Vahi To Form New Government

LD1710172395 Tallinn Estonian Television Network in Russian 1645 GMT 17 Oct 95

[FBIS Translated Text] President Lennart Meri invited Tiit Vahi, leader of the Party of Consolidation and acting head of the government which has just resigned, to come to Kadriorg Palace [presidential residence] by 1800 hours [1600 GMT] today. The president has officially charged Tiit Vahi with the formation of a new cabinet of ministers.

Latvia

Parliamentary Parties Sign Declaration on Joining EU

LD1510161495 Riga Radio Riga Network in Latvian 1000 GMT 15 Oct 95

[FBIS Translated Text] The chairmen of the political parties elected to the sixth Saeima signed a declaration on the joining of the European Union by Latvia at a meeting with State President Guntis Ulmanis yesterday.

The document states that joining the European Union is one of the most significant tasks of Latvian foreign policy that is to be implemented by continuing and speeding up economic and social reforms and transforming economic and social foundations in the country.

The representatives of the parties elected to the sixth Saeima believe that a final say on the issue of Latvia joining the European Union should rest with the people, who should be asked in a referendum.

Lithuania

Parliament Ratifies Nuclear Safety Convention

LD1710185195 Vilnius Radio Vilnius Network in Lithuanian 1700 GMT 17 Oct 95

[FBIS Translated Text] Today the Lithuanian Seimas ratified the nuclear safety convention, ELTA reported.

The convention is aimed at maintaining high standards of nuclear safety in the world, to setting up effective safety measures at nuclear installations in order to protect the environment and the public against dangerous radiation and to block the way to accidents.

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